

Supreme Court, U. S.

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**In the Supreme Court of the United States**

**OCTOBER TERM 1942.**

**No. 1080 92**

**THE SWAN CARBURETOR COMPANY,**

*Petitioner,*

**VS.**

**THE NASH MOTORS COMPANY,**

*Respondent.*

**PETITION FOR WRIT OF CERTIORARI**

**To the United States Circuit Court of Appeals**

**For the Fourth Circuit, and**

**BRIEF IN SUPPORT OF PETITION.**

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# In the Supreme Court of the United States

OCTOBER TERM 1942.

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No. ....

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THE SWAN CARBURETOR COMPANY,  
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THE NASH MOTORS COMPANY,  
*Respondent.*

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## **PETITION FOR WRIT OF CERTIORARI To the United States Circuit Court of Appeals FOR THE FOURTH CIRCUIT.**

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*To the Honorable The Chief Justice and the Associate  
Justices of the Supreme Court of the United States:*

The petition of The Swan Carburetor Company respectfully prays the issue of a writ of certiorari to review the opinion of the Circuit Court of Appeals for the Fourth Circuit in the case numbered in that Court No. 5026, and in which this petitioner was plaintiff-appellant and cross-appellee and the respondent, The Nash Motors Company, was defendant-appellee and cross-appellant, and to review and revise the decree and order entered pursuant to such opinion and the particulars of which case and of such opinion and decree are hereafter specified. The transcript of the record, including the proceedings in the Circuit Court of Appeals, has been filed herein pursuant to Rule 38. The following is the

## (A)

**Summary Statement of the Matter Involved:** It is the rule that in an accounting to recover profits (as distinguished from damages) for infringement of a patent where the patented structure has been commingled by defendant with a larger structure or ensemble in such a way that the profits on the patented structure cannot be separated from those on the ensemble, or larger structure, either by accurate or approximate apportionment, the profits on the entire ensemble go to the patentee. Is the rule changed by the proportions or the relations between the sizes of the ensemble and the patented structure? The basic rule was made by this Court in *Westinghouse v. Wagner*, 225 U. S. 604, 618 and has ever since been followed by the Courts in all the Circuits and Districts where the patented structure constituted a lesser part of the larger ensemble, regardless of the relations between the sizes. In the instant case the patented structure was a manifold used upon an automobile. The Court below in the instant case is at variance with the other Courts in the other Circuits in the following holding, stated and followed by the Court of Appeals for the Fourth Circuit (T. R. Vol. VI, p. 8):

“The burden of separating the profits at his peril, however, does not rest upon the defendant when he uses the patented structure without change as part only of a larger machine and there is no practicable way in which apportionment records may be kept.” (Emphasis ours.)

The Court then awarded no profits to the patentee.

There is, therefore, diversity of decision between the Court of Appeals in the Fourth Circuit and the Courts in the other Circuits, for example, in the Eighth Circuit which awarded all of the profits on the ensemble to the plaintiff on a transformer when the patented structure

was without change a part only of the larger machine, i.e., the transformer.

(B)

**Reason Relied Upon For the Allowance of the Writ:**

The ruling of the Court of Appeals in the Fourth Circuit in the instant case is diverse from and contrary to the ruling in the other Circuits, including the Eighth Circuit Court of Appeals in *Westinghouse v. Wagner*, 281 Fed. 453, 464-465, on appeal from the remand to the District Court following the ruling of this Court in 215 U. S. 604. In the instant case the Court below awarded the plaintiff no profits where the defendant had so commingled the profits on the patented device with those on the ensemble that they could not be separated by accurate or approximate apportionment and where the patented structure was without change a part only of a larger machine, and in the Eighth Circuit under similar conditions and circumstances the Eighth Circuit Court of Appeals awarded the entire profits to the plaintiff. The practice in the Eighth Circuit is followed in the other Circuits.

In the instant case the patented structure was part of an automobile. In the Eighth Circuit case the patented structure was part of a transformer. In each case the patented structure was "without change" a lesser part of a larger machine. In each case the plaintiff proceeded with his proof showing precisely the same agenda.

WHEREFORE, your petitioner respectfully prays that a writ of Certiorari be issued under the seal of this Court, directed to the United States Circuit Court of Appeals for the Fourth Circuit, commanding the said Court to certify and send to this Court, on a day to be designated, a full and complete transcript of the record and all proceedings of the Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Court, and that the judgment of the Circuit Court

of Appeals be reversed in the respect noted, and that defendant's commingled profits be awarded to plaintiff.

Dated:

THE SWAN CARBURETOR COMPANY,  
By F. O. RICHEY,

B. D. WATTS,

H. F. SCHNEIDER,

*Its Counsel.*

RICHEY & WATTS,

EDWIN F. SAMUELS,

*Of Counsel.*





**BRIEF FOR PETITIONER IN SUPPORT OF  
ACCOMPANYING PETITION.**

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**OPINIONS OF THE COURTS BELOW.**

The first opinion of the Court of Appeals on the merits of this case is reported in 105 F. (2d), 305.

The report of the Special Master on accounting is found in the record Appendix, Volume I, pp. 1-105.

The opinion of the District Court is reported in 54 U. S. P. Q. 135. It is found in the Record Volume I, pp. 107-111.

The opinion of the Court of Appeals is reported in 133 Fed. (2) 562, and is found in the Record in Volume VI, pp. 2-11, and the order denying the petition for rehearing is found in the Record in Volume VI, p. 28.

**JURISDICTION.**

The opinion and order of the Court of Appeals having been filed and entered on February 5, 1943 and the petition for rehearing having been denied on March 8, 1943, the time for filing this petition extends until June 8, 1943.

The statute under which jurisdiction is invoked is Section 240 (a) of the Judicial Code (28 U. S. C. 347 as amended).

The judgment of the Court sought to be reviewed is a final judgment in the case.

Among the cases believed to sustain jurisdiction to issue the writ where questions of conflict with decisions in other Circuits are involved are:

*United States Industrial Chemicals v. Carbide &  
Carbon Chemicals Corp.*, 315 U. S. 667, 669;  
*Milcor Steel Company v. George A. Fuller Company*,  
316 U. S. 143, 144.

**ARGUMENT.**

This is a patent accounting for manifolds used on automobiles.

This Petition relates entirely to the profit feature.

The Statute awards the infringer's profits to the plaintiff (U. S. R. S. 4921).

In many cases the defendant, whose status is that of a trustee *ex maleficio*, so confuses the profits on the structure involving the invention with the profits on an ensemble, consisting of a larger machine in which the invention structure is used, that they cannot be separated either by accurate or approximate apportionment.

Prior to *Westinghouse v. Wagner*, 225 U. S. 604, the burden was upon the plaintiff to separate the profits or lose them. In other words, where the infringer had confused the profits, he was able to keep them, thus putting a premium on such confusion and commingling.

This rule was changed by this Court in *Westinghouse v. Wagner*. In that case it was held that where the plaintiff showed profits made upon the ensemble, he had carried the burden of showing that profits were made upon the invention (225 U. S. 616). It was further held that the plaintiff carried the burden of separating the profits or demonstrating that they could not be separated either by "accurate or approximate apportionment" (225 U. S. 622). At this point the burden of separation shifted to the defendant and, if no accurate or approximate apportionment separation could be shown, all the profits on the ensemble were awarded to the plaintiff. This Court said (225 U. S. 620):

"But when a case of confusion does appear—when it is impossible to make a mathematical or approximate apportionment—then from the very necessity of the case one party or the other must secure the entire fund. It must be kept by the infringer, or it must be awarded, by law, to the patentee. On established principles of equity, and on the plainest principles of jus-



tice, the guilty trustee cannot take advantage of his own wrong. The fact that he may lose something of his own is a misfortune which he has brought upon himself; and if, as argued, the fund may have been made by the use of other patents also, for which he may be liable in another case, it is again a misfortune which he has brought upon himself and an instance of a double wrong causing double liability. He cannot appeal to a court of conscience to cast the loss upon an innocent patentee and by judicial decree repeal the provision of Rev. Stat., Sec. 4921, which declares that in case of infringement the complainant shall be entitled to recover the 'profits to be *accounted* for by the defendant.' "

Such has been the practice in the Courts ever since.

In that particular case the cause as remanded to the lower Court in the Eighth Circuit who reopened the accounting to take evidence in the light of these new rules. The plaintiff showed the comminglement and the impossibility of separation, whereupon the burden of submitting expert testimony to show an approximation was held to shift to the defendant, and when the defendant failed, the entire profits were awarded to the plaintiff. On this subject the Court of Appeals in the Eighth Circuit said (281 Fed. 464):

"But where, as in this case, the defendant is manufacturing and selling many articles besides those which infringe; where, as in this case, no books of account are kept, showing the cost of any of the articles;"

\* \* \* \* \*

"Under the circumstances aforesaid, the burden being upon the defendant, as held by the Supreme Court in this case, the defense must fail, and the plaintiff is entitled to recover the entire profit upon articles sold which contain the infringing element. If the defendant suffers loss under this rule, it 'is a misfortune which he brought upon himself'."

Page 465:

"In the nature of things, expert testimony will not lead to exact results. The courts recognize 'the impossibility of reaching a conclusion that is mathematically exact'; but men who are qualified by experience in the manufacture and sale of (in this case) transformers certainly could enlighten the court upon the question as to the profit in a given transformer, and likewise what portion of such profit was attributable to the different elements therein, including the infringing element. This way was open to the defendant in this case. The Supreme Court had in this case so expressed itself, *but the defendant offered no such testimony; it relied principally upon accountants, and upon witnesses, whose testimony was intended to prove that the infringing element was worthless.*" (Emphasis ours.)

In *Computing Scale Co. v. Toledo Computing Scale Co.*, 279 Fed. Rep. 648, the Court discussed the Westinghouse decision where it said, speaking through Judge Baker, on page 673:

"Equity will pursue an infringer of a patent as vigilantly as it will any other trespasser. And the first fruits of the Westinghouse decision should be this: If a manufacturer, knowing of a patent, decides to chance an unlicensed use, he should realize that he may be caught by a final decree on the merits and be ordered to respond accordingly; and, so realizing, he should be held to the duty of keeping separate and accurate records of all his infringing acts; and, on his failure to keep such records, the court, in measuring the damages on account of his trespasses, should resolve all doubts against him."

In the instant case the profits on the ensemble, i.e., the automobiles with the patented manifolds mounted upon them, were so commingled by the defendant that accurate separation was impossible. This is not challenged.

To conform to its duty to demonstrate that separation was possible or impossible by approximate apportionment,

the plaintiff submitted apportionments on four different bases. They were all based on expert testimony. These bases have been recognized and employed in this or other Courts. Recognizing that the burden then shifted to it, the defendant submitted an apportionment which both parties and the master agreed was unsound in principle. Nobody suggested any better apportionment than those submitted by plaintiff. True enough, there may have been worse apportionments and the parties might have submitted evidence *ad infinitum* upon worse apportionments before the negative could have been proved by expert testimony; that is, that there were no apportionments better than those which had been submitted. All three Tribunals below rejected both the plaintiff's and the defendant's approximate apportionments, thus holding that it was impossible to make the separation either by accurate or approximate apportionment. Under the rule in the *Westinghouse-Wagner* case, and in all of the cases which have followed it, the entire profits on the ensemble should then have been awarded to the plaintiff. The Courts below, however, made no award to the plaintiff, going back to the situation that existed prior to the *Westinghouse* decision. The only reason given by the Fourth Circuit Court of Appeals for thus departing from the *Westinghouse-Wagner* rule, and going to the rule that had been overruled by that case, was that the burden did not shift to the defendant at its peril where defendant "uses the patented structure without change as part only of a larger machine."

The Court said:

"The burden of separating the profits at his peril, however, does not rest upon the defendant when he uses the patented structure without change as part only of a larger machine and there is no practicable way in which apportionment records may be kept."  
(Record Vol. VI, p. 8.)

In each the *Westinghouse-Wagner* case and in all cases following that case, the patented structure was used without change as a part only of a larger machine. All of the Circuits, except the Fourth Circuit, have interpreted the rules in *Westinghouse-Wagner* as applying where the patented structure was used by the defendant without change as part only of a larger machine, except the Fourth Circuit Court of Appeals.

In the *Westinghouse* case, the invention related to open spaces in the core of a transformer. The core constituted a part of the larger machine, i.e., the transformer. Yet the defendant was required to separate the profits at its peril and, not being able to do so, had to respond in all the profits on the entire transformer as well as the profits on non-infringing transformers commingled with the infringing transformer (281 Fed. 453).

The rule announced in the *Westinghouse* case was that where the plaintiff has shown the existence of profits and the impossibility of separating them, the inseparable profit must be given to the patentee (p. 618), no matter how small is the part of the profits to which the plaintiff is justly entitled (pp. 619-620). That rule has been rigidly enforced by the Supreme Court since 1911 in patent, trade-mark and copyright cases as later herein cited cases show. Since 1911 the Supreme Court has not permitted a defendant in a patent, trade-mark or copyright case to retain all the commingled profits.

True enough, there are not a great many cases in which the defendant has had to respond in the entire sum of the commingled profits but that is because the Courts have resorted to apportionments to avoid the injustice of awarding all of the profits to the plaintiff or the greater injustice of awarding him no profits.

In the *Dowagiac* case, 235 U. S. 641, the patent covered only a part of the large grain drill. The defendant used

the patented structure without change as part only of a larger machine. Despite the fact that the plaintiff there had not attempted to apportion the commingled profits or to show that apportionment was impossible, the court did not refuse an award of profits to the plaintiff but remanded the case to the Eighth Circuit Court of Appeals. In a subsequent accounting in that court on the same patent, both parties offered evidence to apportion the profits. The Circuit Court of Appeals, 284 Fed. 331, 346-348, rejected all such apportionments and made its own apportionment.

In the *Sheldon* copyright case, 309 U. S. 390, defendant escaped the penalty of surrendering all its profits by making an acceptable apportionment.

The practically invariable rule of all the other Courts is the same as the foregoing rule of the Supreme Court.

In *Superior v. Cincinnati*, 284 Fed. 267 (C. C. A. 7), the patented device was only a part of a large machine. The patented device was a feed gearing for a lathe. Defendant used this feed gearing without change as part only of a larger machine, the lathe (*Superior v. Cincinnati*, 259 Fed. 273, 274 (C. C. A. 7)). The Master apportioned the commingled profits by dividing the machine into three main functional parts, dividing the commingled profits into three equal parts on the theory that each functional part of the machine contributed equally to the total profits, and awarding to plaintiff one-half of that part of the profits so allocated to the one of the three functional parts of the machine, of which part the patented device was a portion. This apportionment was approved by the Circuit Court of Appeals.

In *Standard v. Cropp*, 6 Fed. (2) 447 (C. C. A. 7), the patent covered only a small part of a large machine. All attempts by the parties to apportion the commingled profits of that machine were rejected by the courts. The Circuit Court of Appeals made its own apportionment. In doing

so it divided the machine into three main functional parts and divided the commingled profits into three equal parts on the assumption that each part contributed equally to the profits. It awarded two of those parts of the profits to the plaintiff because the patented part constituted a portion of two of the main functional parts of the machine.

In *Mishawaka v. Kresge*, 316 U. S. 203, the trade-mark was a very small colored part of the rubber heel. The trade-mark had no relation to the functions or purposes of the heel. Its relation to the size of the heel was less than that of the manifold to the automobile or to the engine in the instant case. The function of the trade-mark was less related to the rubber heel than the manifold to the car or engine. The trade-mark did not participate in the function of the heel. The manifold participated in the function of the engine and the car. Indeed, the proof shows that it contributed materially to improving the function. Without a manifold the engine and the car would not have operated. The heel would have operated just the same without the trade-mark. Yet, the Supreme Court held that the defendant must separate the profits at its peril.

The same thing was true in the *Hamilton-Brown Shoe Co. v. Wolf*, 240 U. S. 251. There the trade-mark "American Girl" bore the same relation to the shoe that the trade-mark in the *Mishawaka* case bore to the rubber heel. It was just as far afield from the shoe; yet, the defendant had to separate the profits at its peril. This case was similar in all respects to the *Mishawaka* case. In neither could the profits due to the mark be separated from the profits due to the intrinsic value of the shoes.

Therefore, there is diversity of decision between the Fourth Circuit Court of Appeals and these other Circuits.

The other Circuits, including the Eighth Circuit, are manifestly correct, and the Fourth Circuit is in error. The whole purpose of the *Westinghouse-Wagner* case was to prevent the defendant, the trustee *ex maleficio*, from mak-

ing off with the profits that belonged to the plaintiff by commingling them with profits that belonged to the trustee *ex maleficio*. The situation and the rule is the same, no matter whether the defendant confuses the profits in a small machine or a large machine. Necessarily, the machine in which the parts are confused is larger than the patented construction because the patented construction is a part of the entire machine. This Court made no distinction between small machines and large machines, or confusion between machines in which the patented structure was a larger or a smaller part of the whole machine. Neither have any of the Courts which followed *Westinghouse v. Wagner*, except in the instant case. Manifestly, the trustee *ex maleficio* should not be allowed to escape with the profits of the patentee because he has confused them in the profits of a bigger machine, whereas he would not be permitted to do so if he had confused the patentee's profits with those of a smaller machine. To do so would result in the anathema that the greater the wrong the greater the immunity.

Nor would the absence of a practical way of keeping records—if and when such existed—change the situation since the reason why separation is impossible or impracticable is not controlling. The appearance of confusion and comminglement with impossibility of separation, no matter from what cause, sets the rules in motion, and justly so, since the burden is on the trustee *ex maleficio* to keep his records so that separation can be made or suffer the consequences. To relieve him when he practiced his wrongdoing so involvedly as to make the keeping of records impracticable would be to approve the doctrine that the greater the wrong the greater the immunity.

**CONCLUSION.**

For the reasons stated in the petition and elaborated in the brief, we respectfully ask this Court to review and reverse the conclusion of the Circuit Court of Appeals for the Fourth Circuit and to hold that where the infringer incorporates the invention in a large machine, its size is not important and that such incorporation does not relieve the defendant, nor create an exception to the rule that he has the burden of separating at his peril, the profits he has commingled.

F. O. RICHEY,

B. D. WATTS,

H. F. SCHNEIDER,

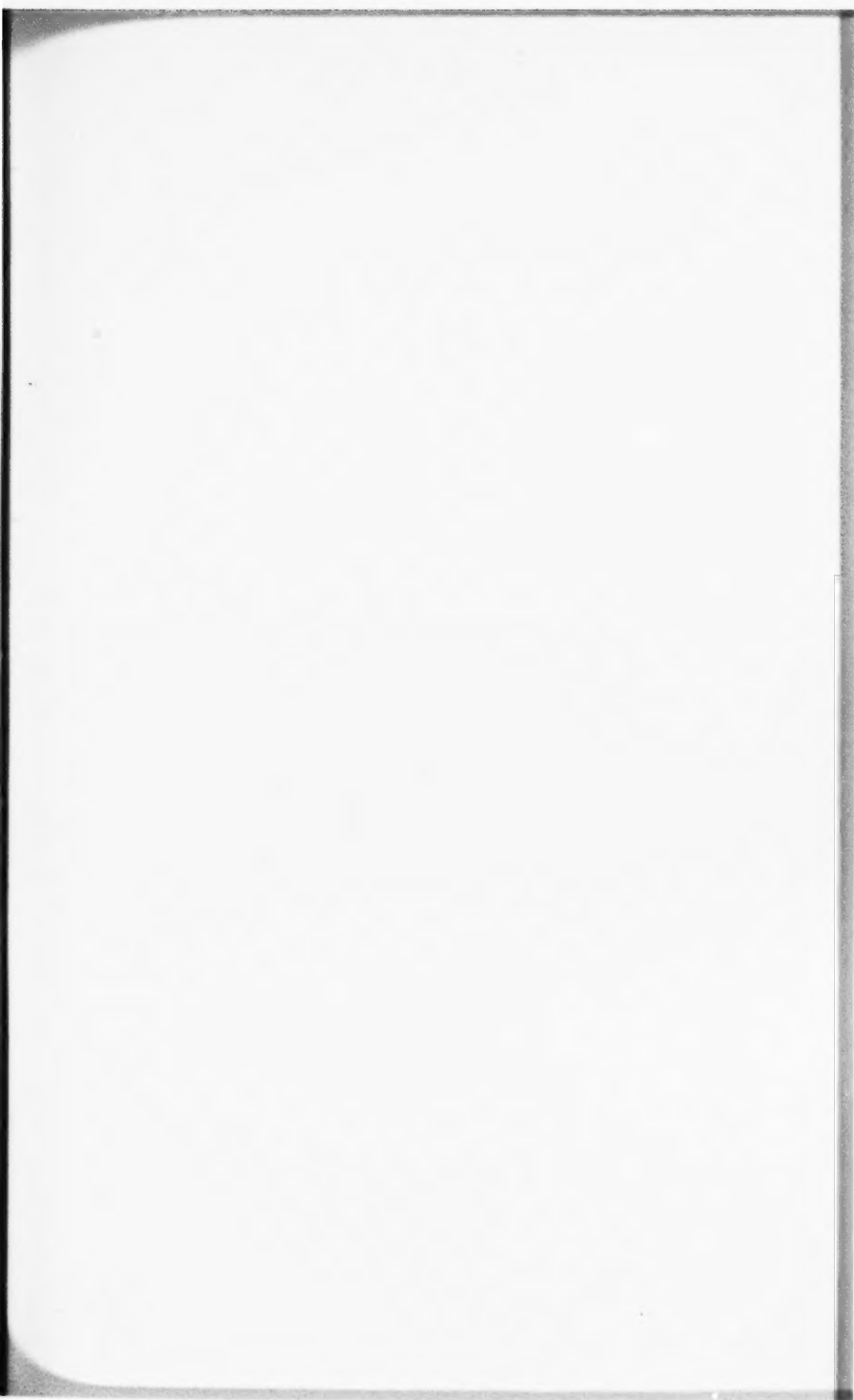
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No. **92**

THE SWAN CARBURETOR COMPANY,  
*Petitioner,*

vs.

THE NASH MOTORS COMPANY,  
*Respondent.*

**RESPONDENT'S BRIEF OPPOSING PETITION FOR  
WRIT OF CERTIORARI**

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July, 1943



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## RESPONDENT'S BRIEF OPPOSING PETITION FOR WRIT OF CERTIORARI

Contrary to the impression given by the petition, the judgment below does not turn the plaintiff away without relief. It awards plaintiff as profits, damages and interest an amount in excess of \$165,000.00.

Defendant sold in all 350,633 intake manifolds which, because of their inclusion of a detail of design, of no practical importance, were held to infringe the plaintiff's patents. Of these 350,633 infringing manifolds, 349,019 were sold as integral parts of completed automobiles, and 1,614 were sold separately for replacement or repair. On the 349,019 manifolds sold as parts of completed cars, the judgment below allows plaintiff, as damages, the full amount of plaintiff's established royalty, viz., thirty cents for the first ten thousand manifolds in a given year, twenty-five

cents each for the next fifty thousand manifolds, and twenty cents per manifold for all additional manifolds. This award amounts to \$80,250.20, and represents a royalty of over 28% of the cost of the manifolds.<sup>1</sup> On the 1,614 manifolds sold separately, the judgment below allows plaintiff the sum of \$2,031.01, the total profit realized from their sale. The judgment also allows interest on the damages from the date of the infringement (1925-1928) and on the profits from the date of the Master's report (1942), the total award, including all interest, being in excess of \$165,000.00. This more than adequately compensates the plaintiff for the infringement.

Plaintiff seeks review only of that part of the decision which holds that plaintiff has failed to show itself entitled to any award of *profits* (as distinguished from damages) with respect to the manifolds sold as parts of completed cars, for which plaintiff was fully compensated by the award of its full established royalty plus interest. This decision, which on the facts is more than fair to plaintiff, is in conformity with the applicable decisions of this Court and presents no conflict of decision between the Circuits. There is, therefore, no reason for the granting of a writ of certiorari.

### Statement of the Case

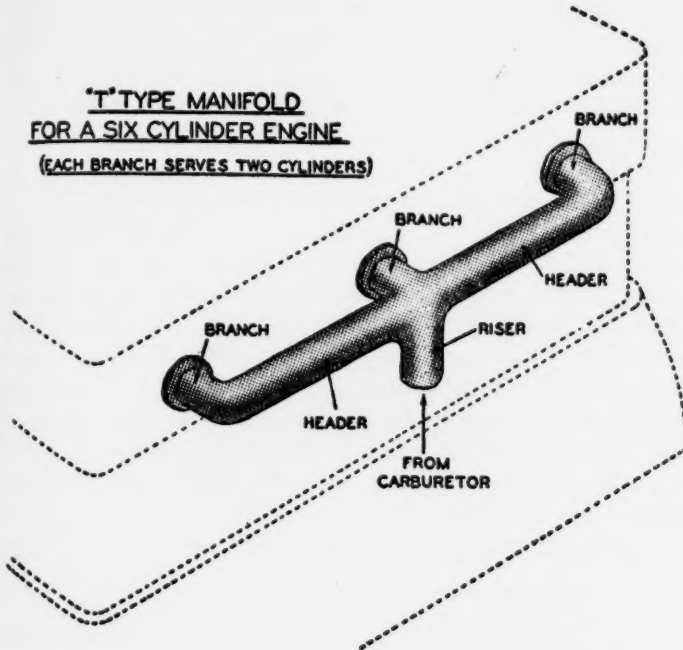
The patents in suit relate to intake manifolds for gasoline engines, the manifold being the system of piping which connects the carburetor of such an engine with the several cylinders. Manifolds of the conventional T-type, which are involved in the present case, consist of a vertical *riser* which leads from the carburetor to the header, a horizontal *header* running fore and aft beside the cylinders, and three horizontal *branches* running from the header to the cylin-

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<sup>1</sup> Appendix V, p. 219.



ders. An illustration of a conventional manifold of this type is shown in the sketch below<sup>2</sup>:



The manifold is a static structure, having no moving parts whatever. It serves simply as a conduit to conduct the fuel from the carburetor to the several cylinders.

The essential difference between the patented manifold and the T type manifolds of the prior art was that the passageways of the patented manifold were of square instead of round cross-section. Defendant, not wishing to use plaintiff's alleged invention, used a manifold having passageways of the conventional round cross-section. But in the

<sup>2</sup> Sketch from Appendix V, p. 189, Plate A.

ensuing litigation it was held, contrary to defendant's belief, that the use of sharp instead of rounded corners at the turns within the manifold was also a part of the invention and that defendant had transgressed by using such sharp corners, even though its manifolds were of round instead of square cross-section.

In the original litigation, in which plaintiff's patents were sustained, plaintiff successfully contended that the use of these sharp corners, in place of the rounded corners of the prior art, gave greatly improved performance. But in the present case it was established, by plaintiff itself, that the use of these sharp corners (which alone were responsible for the holding of infringement) was of absolutely no advantage. This completely destroyed the plaintiff's claim for profits on these manifolds, for it is well established that the only profits to which a plaintiff is entitled are those which have been made *by reason of the use of his invention* or, as this Court put it in the old case of *Tilghman v. Proctor*, 125 U. S. 136, 146, quoted with approval by this Court in its recent decision in *Sheldon v. Metro-Goldwyn Corp.*, 309 U. S. 390, 400,

“... the fruits of the advantage which he derived from the use of that invention, over what he would have had in using other means then open to the public and adequate to enable him to obtain an equally beneficial result. *If there was no such advantage in his use of the plaintiff's invention, there can be no decree for profits, and the plaintiff's only remedy is by an action at law for damages.*”<sup>3</sup>

It will be remembered that *damages* on the manifolds in question are allowed by the judgment in the present case.

The lack of advantage of a manifold having the supposedly new and useful feature of sharp instead of rounded corners at the bends, as compared with similar manifolds having conventional rounded bends (and therefore not

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<sup>3</sup> Emphasis ours in all quotations.

embodying the Swan "invention"), was established by plaintiff in the present case under most unusual circumstances, which will now be explained briefly:

As stated above, plaintiff's patents are directed primarily to the supposed improvement of making a manifold of the old T type, of square instead of round cross-section. The sharp-cornered, round cross-section manifolds in issue were used by defendant Nash during the period 1925-1928 in the belief that they embodied no part of Swan's invention.<sup>4</sup> Similar manifolds were being used by General Motors, which had a license under plaintiff's patents but which, like the present defendant, did not regard these manifolds as embodying any part of Swan's alleged invention. But in plaintiff's suit against General Motors, the Court held that the patents were not confined to manifolds of square cross-section, and that the round-sectioned General Motors manifolds in issue infringed because they had sharp corners at the turns, instead of the previously conventional rounded bends.<sup>5</sup> The present defendant, upon receipt of this indication that the Courts might disagree with its interpretation of the patents, at once (in 1928) discontinued the use of all sharp corners in its manifolds, and reverted to a manifold modeled after the prior art Matheson manifold, having rounded bends at all turns within the manifold, as well as passageways of round cross-section.

Defendant's sharp-cornered manifolds were attacked by plaintiff in a suit brought against defendant's Cleveland dealer, the Reeke-Nash Company, and the Court followed the decision in the earlier suit against General Motors, holding these manifolds to be infringements.<sup>6</sup> In this suit

<sup>4</sup> Appendix IV, pp. 263-264.

<sup>5</sup> *Swan v. General Motors* (D. C., N. D. Ohio), 42 F. (2d) 452; affirmed (C. C. A. 6), 44 F. (2d) 24.

<sup>6</sup> *Swan v. Reeke-Nash* (C. C. A. 6), 88 F. (2d) 876, 885; certiorari denied, 302 U. S. 691.

against *Reeke-Nash*, no claim of infringement was made against the round-cornered manifolds which had been adopted after the decision in the General Motors case, but such a claim was subsequently asserted in the present suit brought directly against the manufacturer.

In the present suit, the decision in the earlier suit against defendant's dealer, *Reeke-Nash*, was held to be *res judicata* against the present defendant, and this accounting was therefore ordered on the adjudicated infringing, sharp-cornered manifolds.

In support of its claim of infringement against defendant's round-cornered manifolds, first advanced in the present suit, plaintiff established that these manifolds gave results substantially identical with those of the patented manifold and the previously adjudicated infringing, sharp-cornered manifolds.<sup>7</sup> This fact was accepted by the defendant and by the Court.<sup>8</sup> Notwithstanding this identity of results between the accused round-cornered manifolds and the patented and adjudicated infringing, sharp-cornered manifolds, the Court properly held that the round-cornered manifolds did not infringe because they were like the prior art.<sup>9</sup> No petition for certiorari was filed from this decision and its soundness is not in issue here.

This disclosure that the patented manifolds gave results no better than the prior art, as exemplified by defendant's round-cornered, non-infringing, prior-art type manifolds, was stated by the Court to cast doubt on the validity of the patents,<sup>10</sup> but the present accounting was ordered on the square-cornered manifolds because, as stated, the issue as to them was held to be *res judicata*.

For present purposes, the significant thing about all this prior litigation is the fact that the only difference between the manifolds involved in the present accounting, and the

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<sup>7</sup> Appendix V, pp. 29-32.

<sup>8</sup> *Swan v. Nash*, C. C. A. 4, 105 F. (2d) 305, 310.

<sup>9</sup> *Id.*, p. 310.

<sup>10</sup> *Id.*, p. 310.

adjudicated non-infringing, prior-art type manifolds is that the infringing manifolds have sharp instead of rounded corners, and that both manifolds give identical results. *That is, under these decisions, the only thing defendant took from Swan was the sharpness of these corners, and the use of this feature had no effect whatever upon the manifold's performance.*

In dealing with the plaintiff's claim to profits on the infringing, sharp-cornered manifolds incorporated in completed cars, the Court below correctly stated the rule of law involved, namely, that an infringer must account only for the profits that he has made

*"by the use of the plaintiff's invention, or, in other words, the fruits of the advantage which he derived from the use of that invention, over what he would have had in using other means then open to the public and adequate to enable him to obtain an equally beneficial result. If there was no such advantage in his use of the plaintiff's invention, there can be no decree for profits, . . ."*<sup>11</sup>

In the accounting, defendant showed that no saving in cost was effected by the use of the infringing, sharp-cornered manifolds, as compared with the non-infringing, round-cornered manifolds which had been held to be like the prior art.<sup>12</sup> *That is, defendant's cars not only operated with the same effectiveness but cost the same to make, regardless of whether their manifolds embodied or did not embody the invention of these patents. From this it followed that no part of the profit made by defendant on its cars equipped with infringing manifolds was due to the use of this invention.*

<sup>11</sup> C. C. A. Opinion, Transcript of Record VI, p. 8. (Quoting from *Tilghman v. Proctor* and *Sheldon v. Metro-Goldwyn Corp.*, *supra*, pp. 3-4.)

<sup>12</sup> Appendix IV, p. 281.

The Court below said in this regard:

"If he [plaintiff] can show that the invention [1] *has in fact contributed to the profits* and [2] *can furnish an approximate estimate of the amount of the contribution* by expert testimony or otherwise, his right to a judgment for profits is clear. In the pending case, however, as we have seen, the plaintiff has failed *in both respects* as to the mounted manifolds sold in the defendant's motor cars."<sup>13</sup>

This holding was in accordance with the decision of both the Master and the District Court. At page 6 of its opinion, the Circuit Court of Appeals quotes the Master's holding that the plaintiff has not established

"the profits, *if any*, which the defendant made from the infringing manifolds sold integrally with automobiles",

and goes on to say that this finding is supported by conclusions reached in the prior litigation:

". . . In our prior decisions we found that the first group of manifolds, that infringed the patent, produced no better results than the second group that did not infringe; and the decision in a more recent case, *Swan Carburetor Co. v. Chrysler Corp.*, 6 Cir., 130 F. 2d 391, seems to be in accord with the view we have taken that the earlier Matheson manifold, upon which the defendant's second group of manifolds was based, was not a failure but a substantial success. Moreover, the manufacture and sale of Swan manifolds under license has been abandoned to a large extent and it seems clear that the invention did not actually have the merit which it was formerly supposed to possess. *Our conclusion is that the plaintiff has failed to show that the defendant derived a profit from the use or sale of infringed [infringing] manifolds mounted in automobiles.*"<sup>14</sup>

<sup>13</sup> C. C. A. Opinion, Transcript of Record VI, p. 8.

<sup>14</sup> C. C. A. Opinion, Transcript of Record VI, p. 6.

This conclusion of the Court, that plaintiff had failed to show that defendant derived a profit from the sale of the infringing manifolds mounted in automobiles, a conclusion compelled by the facts to which we have referred, precluded the award of any profits on these manifolds, under all of the pertinent decisions.

Prominent among the decisions which support this conclusion of the Court below is the case of *Westinghouse v. Wagner*, 225 U. S. 604, which is relied upon by plaintiff. In *Westinghouse v. Wagner* it is made completely clear that a plaintiff is entitled only to profits for which his invention has been responsible:

" . . . if plaintiff's patent only created a part of the profits, he is only entitled to recover that part of the net gains." (p. 615)

\* \* \* \* \*

" . . . [plaintiff] was only entitled to recover such part of the commingled profits as was attributable to the use of its invention." (p. 617)

\* \* \* \* \*

" . . . where, by general evidence, expert testimony or otherwise, it is shown that his patent is of relatively small value, it will often be possible to prove that, at the utmost, it could not have contributed to more than a given amount of the profits. *Lupton v. White*, 15 Vesey Jr. 432-440. In such cases, except possibly against one who had concealed or destroyed evidence or been guilty of gross wrong, the plaintiff's recovery cannot exceed the amount thus proved, even though it be impossible otherwise more precisely to apportion the profits." (p. 620)

In the present case it is clear from the facts discussed above that no part of the profit made by defendant on its cars was due to the use of Swan's alleged invention. Therefore plaintiff has no valid claim to any part of defendant's profits.

This same principle has been expressed and applied by this Court in many other cases. See, for example, *Dowagiac*

*Mfg. Co. v. Minnesota Plow Co.*, 235 U. S. 641, where this Court said (p. 646):

"In so far as the profits from the infringing sales were attributable to the patented improvements they belonged to the plaintiff, and in so far as they were due to other parts or features they belonged to the defendants. . . ."

Plaintiff attempts to invoke that part of this Court's decision in *Westinghouse v. Wagner* which holds that under certain circumstances the burden is on defendant to show what part of his profit is attributable to the plaintiff's patent, and what part to other features, and that if he fails to make such segregation, all of his profits may be awarded to the plaintiff. There are two reasons why this rule does not apply in the present case:

*First*, because plaintiff has failed to show, as it must before the rule would be applicable at all, "the existence of profits attributable to his invention."<sup>15</sup> It was specifically held by the Court below that plaintiff had failed to show "that the invention has in fact contributed to the profits."<sup>16</sup> This failure by plaintiff was inevitable in view of the facts to which we have referred.

*Second*, because defendant made a full disclosure of all the relevant facts, including the fact that the total profit on its complete manifolds (of which only an insignificant detail of design was held to be plaintiff's property) amounted to only \$53,509.43.<sup>17</sup> This, of course, was less than plaintiff's claim for damages based on its established royalty (\$80,250.20), so plaintiff was not interested in this smaller profit figure.<sup>18</sup>

<sup>15</sup> *Westinghouse v. Wagner*, 225 U. S. 604, 622.

<sup>16</sup> C. C. A. Opinion, Transcript of Record VI, pp. 8-9; *supra*, p. 7.

<sup>17</sup> Appendix V, p. 211.

<sup>18</sup> "The plaintiff concedes that it is not entitled to both profits and damages on the same manifolds but maintains that it has the option to use that method of calculation which produces the larger return." (C. C. A. Opinion, Transcript of Record VI, p. 3.)



Plaintiff's contention that under *Westinghouse v. Wagner*, the Court should have awarded plaintiff the entire profits on defendant's complete automobiles does not require further comment since, as we have seen, plaintiff failed to prove the first requisite to the invocation of the rule contended for, namely, the existence of profits "attributable to his invention."<sup>19</sup>

### Conclusion

It is clear from the foregoing that the Court below did not err in declining to award profits on the manifolds in question (as to which plaintiff was fully compensated by a generous award of damages), and that its decision in this regard is not in conflict with the applicable decisions of this Court and the Circuit Courts of Appeal of other Circuits.

The petition for certiorari should therefore be denied.

If the Court should deem the case of sufficient interest to warrant review, it is earnestly requested that the review be not confined to the isolated point designated by plaintiff, but that the entire case be taken up so that the Court may determine whether, under the peculiar circumstances which the case discloses, the allowance of any recovery at all is warranted.

Respectfully submitted,

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July, 1943.

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<sup>19</sup> Note 15, *supra*.

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# In the Supreme Court of the United States

OCTOBER TERM 1943.

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**No. 92.**

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THE SWAN CARBURETOR COMPANY,

*Petitioner,*

vs.

THE NASH MOTORS COMPANY,

*Respondent.*

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## **REPLY BRIEF OF THE PETITIONER ON THE APPLICATION FOR WRIT OF CERTIORARI.**

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NOW COMES the Petitioner and asks leave of the Court to file this Reply Brief and for its consideration.

The ground for the Petition for Certiorari is diversity of decision as stated therein. We find no denial of this diversity in Respondent's brief. Instead, Respondent raises the following two points which we did not deem it necessary to discuss in our former brief:

(1) Respondent claims that there is no showing of any profits attributable to the manifolds when mounted on the cars (as if the mounting of the manifolds on the cars destroyed the value and the profits made when they were not mounted). If this claim were true—and we will show that it is not—such would present another ground for granting the Petition for Certiorari, i.e., the decision below is out of line with recent decisions of this Court, including the decision in the *Mishawaka* case (316 U. S. 203) where the Court placed the burden upon the Respondent to show that none of the profits on the whole were due to the infringement or respond in all of the profits or, to use the language of this Court (p. 206):

*“The burden is the infringer’s to prove that his infringement had no cash value in sales made by him. If he does not do so, the profits made on sales of goods bearing the infringing mark properly belong to the owner of the mark. Hamilton-Brown Shoe Co. v. Wolf Bros. & Co., 240 U. S. 251, 60 L. ed. 629, 36 S. Ct. 269.”* (Emphasis ours throughout unless otherwise indicated.)

and

(2) Erroneous representations relating to the merits of the manifolds and other issues and discussions predicated on these errors which are misleading therebecause. Indeed, most of Respondent’s brief is devoted to these errors and misleading conclusions.

(1)

Petitioner showed to the satisfaction of the Master that there was an *average* gain in horsepower of 16.56 per cent and other valuable improvements in engine performance as a result of the use of the patented manifold over the island manifold which Respondent had accepted and used for seven years as the best thing in the prior art for its engines prior to the invention of the patented manifold (Appendix I, p. 81). Petitioner also showed that when General Motors Corporation adopted the patented manifolds new standards of car performance were established thereby and sales of its cars increased and those of Respondent, who was its competitor, decreased, and that when the Respondent adopted the infringing manifold (Plaintiff’s Exs. 235 E and F) Respondent’s sales promptly increased so that it more than regained its loss. This increase in sales was maintained and Respondent’s profits were doubled (Pltf’s. Exs. 235 A to D and E; R. pp. 1394 and 1399). Petitioner also showed that Respondent made profits on the infringing manifolds sold separately from

the cars. Petitioner also showed profits on the cars upon which Respondent mounted the infringing manifolds.

Let us, however, assume that Respondent had so commingled the profits that it was not only impossible to show what percentage of the profits were due to the infringement, but that the job of comminglement was so much better done that it was not possible to show that any of the profits made on the ensemble were due to the infringement. Would this greater wrong secure the wrongdoer the immunity which the lesser wrong did not? This Court answered this question in the negative in the *Mishawaka* case, as we have shown, *supra*. It did so in the *Westinghouse* case also.

True enough, as counsel say, this Court said in the latter case that the burden did not shift until after plaintiff had proved the existence of profits attributable to his invention, but this Court considered proof that profits were made upon the ensemble as proof that the defendant had made profits attributable to the invention. This is apparent from the following appearing at 225 U. S. 616:

"The plaintiff proved its patent and that it had been infringed by the defendant in the manufacture of several thousand transformers which sold for \$955,000. The patent was itself evidence of the utility of Claim 4, and the defendant was estopped from denying that it was of value. *Lehnbeuter v. Holthaus*, 105 U. S. 94. But no matter how great its presumptive or actual value it did not follow that the defendant had made a profit by the sale of the infringing transformers. *And so, having sued for profits, the Westinghouse Company was under the burden of showing they had been made. This it did to the satisfaction of the Master, who found that the defendant had netted \$132,000 from their sale.*"

In the instant case the Petitioner proceeded as did the plaintiff in the cited case. Petitioner showed the profits on the entire car in the instant case, just as the plaintiff in

the cited case showed the profits of \$132,000.00 upon the entire transformers. (In addition, in the case at bar, Petitioner showed the gains in horsepower, etc., due to the infringement.)

Each case of comminglement is no more than an application of the general rule stated by this Court, for example, in the *Westinghouse* case, as follows (225 U. S. 620):

“On established principles of equity and on the plainest principles of justice, the guilty trustee cannot take advantage of his own wrong.”

and a wrong-doer

“cannot appeal to a court of conscience to cast the loss on an innocent patentee.”

Where comminglement is such that it can be shown that there are profits due to the infringement, but not the percentage attributable thereto, the wrong is minor and the rule applies.

Where the comminglement is such that it cannot be shown that any of the profits on the ensemble are due to the infringement, the wrong is major and the rule must apply.

Any other thought would be to contend that “the greater the wrong, the greater the immunity,” a proposal held to be untenable and rejected by this Court in the *Westinghouse* decision (225 U. S. 615).

Therefore, if Petitioner had not shown that the Respondent realized profits and gains from the infringement, Petitioner would be entitled to the entire profits unless the Court accepts one of the means of apportionment presented by the Petitioner.

If the Court should conclude, notwithstanding all of the proof on the subject, that Petitioner had not shown profits on the mounted manifolds due to the invention, then the decision of the Court below is out of line with this Court's decisions, for example, in the *Mishawaka* and

*Westinghouse* cases, and that would be a second reason for granting the Petition.

(2)

We did not deem it necessary to discuss the merits of the various manifolds involved in our Petition for Certiorari or the brief thereon since we relied upon the point of diversity of decision, and we do not deem that such evidence is pertinent upon that question here. Nevertheless, since Respondent has devoted the major portion of its brief to this subject, we will reply succinctly to some of the points presented.

The Statute awards the patentee "in addition to the profits" the damages. The language of the Statute on this subject is as reproduced in the footnote.\* That Congress has legislated that the patentee is entitled to both the profits and damages is the view of this Court is plain from the following statement appearing in *Westinghouse v. Wagner*, 225 U. S. 615:

"2. In considering the question presented by the record here, it is to be borne in mind that Congress has legislated (Rev. Stat., Sec. 4921) with a view of affording the patentee ample redress against the infringer. *It not only makes the latter liable for damages—sometimes three-fold damages—but for all profits* derived from the use or sale of plaintiff's invention."

Notwithstanding the plain terms of the Statute and this Court's views on the subject that profits are allowable "in

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\*"Sec. 4921. (U. S. C., title 35, sec. 70.) The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement *the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby*, and the court shall assess the same or cause the same to be assessed under its direction."



addition to'' damages, the Courts have fallen into the practice of ascertaining and reporting each and allowing the plaintiff to make its selection. That practice was recognized and followed by the Court below in connection with the unmounted manifolds.

Whatever was the proper practice in connection with the unmounted manifolds, was also necessarily the proper practice with respect to the mounted manifolds. Therefore, there is nothing to Respondent's claim that the award of damages on the unmounted manifolds is sufficient compensation. This is a mere measure of the advantages to the patentee if the Respondent had taken a license and paid the royalties on their due dates without challenging the patent or subjecting the Petitioner to expensive litigation.

We do not deem it necessary to discuss the error of the claim that the invention consisted in a detail design of no practical importance. Sufficient answer to this proposition is found in the decisions of the Court; for example, the decisions at 88 Fed. (2) 885 and 43 F. S. 499, 503. The invention was in the combinations and not in any details or elements constituting features of the combination (*Leeds & Catlin v. Victor*, 213 U. S. 301).

Respondent's claim that it realized no advantages from its infringement is predicated upon a comparison with Respondent's so-called "Second Group" of manifolds which were designed after the infringement and, therefore, not available as a comparator (Master's Report, Appendix I, p. 98), and upon a comparison with a prior art manifold which was not available to it as a comparator for reasons stated by the Master, who rejected it as such comparator (Master's Report, Appendix I, pp. 77-78), and for the further reason that if this prior art device was capable of realizing the results of the patented manifolds, it was not known and recognized at the time that it could do so (*Eibel v. Minnesota*, 261 U. S. 45, 66).

On the other hand, the Master found, as we have already said, that the Respondent realized an average gain of 16.56 per cent in horsepower by the use of the infringing manifold over the best manifold adopted by and available to the Respondent as a comparator at the time of the infringement. On this subject the Master said (Master's Report, Appendix I, p. 82):

"I find, however, that, after giving due weight to all the defendant's testimony, the exhibit fairly represents the increased horse power resulting from the use of the Swan manifold as compared with that produced with the island manifold."

The merits of the Swan invention are established by the decision in the *Recke-Nash* case (88 Fed. (2) 876, 887) which holds:

"The invention there disclosed (in the Swan patent in suit here and there) satisfied a want long recognized in the art and produced a new result."

and by the *Recke-Nash* decision (p. 886):

"The fact that many leading automobile manufacturers immediately accepted the Swan manifold shows the existence of a pressing problem and its solution.

\* \* \* \* \*

"the wide commercial success of the device and its adoption after thorough tests by experts strengthens the presumption of validity. *Motor Improvements, Inc., v. General Motors Corp.* (C. C. A.) 49 F. (2d) 543."

and (p. 887):

"A materially better result was obtained."

Judge Nevin said (43 F. S. 499, 503):

"In the *Recke-Nash* case the Special Master (Mr. Woods) held as a conclusion of law: '(3) That the patent in suit, No. 1,536,044, is a *basic patent* and defines and covers a *pioneer invention or inventions*, and is entitled to a liberal interpretation and a broad range of equivalents.' His (*Special Master Woods*) report

*was confirmed by Judge Hahn in this Court. This Court agrees with this conclusion of Special Master Woods and Judge Hahn."*

These factors, as further established by the proofs here, are so outstanding as properly to be classed as exceptional. The Master found (Appendix I, p. 82) that Exhibit 51 shows that the invention increased the horsepower output of defendant's engines an average of 16.5% throughout the entire speed ranges of the engines. There is no denial of the proof of plaintiff's witness, Mr. Church, that cars equipped with engines having such an increase in horsepower and torque as is shown by Exhibit 51 would have "a higher speed, better acceleration, better hill climbing ability, more flexibility, there would probably be less need for gear shifting in traffic at the lower end of the speed range. The engine, in service, should be smoother in operation due to better distribution and less variation in maximum combustion pressure between cylinders, it should have less carbon deposit, cleaner spark plugs, less crankcase dilution, and probably a clearer exhaust. \* \* \* The car should be more attractive to the public, and, consequently, should sell in larger quantities." (Appendix II, pp. 199, 200 and also Appendix II, pp. 238-239, 211 and 77-78). The Swan manifold made the engine more responsive to the throttle, increased its acceleration and made the distribution equal (Appendix II, pp. 238-240). Furthermore, the undisputed proof shows that defendant actually realized all of these advantages on its cars after appropriating the Swan invention.

The undisputed evidence shows that the horsepower of defendant's engines was, in fact, increased not to the extent of an average 16.5% as defendant had led plaintiff to believe, but to the average extent of over 26%, as is shown by defendant's actual log book figures which compared the Swan and island manifolds on the same Nash engine equipped with the same carburetor (Pltf's. Ex. 279).

While the 16.5% increase in horsepower with its attendant improvements was large and worth much more than the license royalties, an increase of 26% was astounding and it was correspondingly more valuable. This increase at peak speed was 41.9% (Pltf's. Ex. 279; Appendix III, p. 102; Appendix II, p. 242).

Another thing established without dispute was the sudden falling off in sales volume of defendant's cars beginning within a month or two after Buick began selling cars equipped with the Swan manifold and continuing until defendant adopted the infringing manifolds; and the equally sudden increase in defendant's sales volume from less than 3,000 to about 8,000 cars per month within a month or two after defendant adopted the infringing manifolds (Exs. 235 E and F); and the continuation throughout the infringing period of a sales volume and net profits more than double those of the best year prior to defendant's use of the Swan inventions, viz.: 1923 (Pltf's. Exs. 235-A-D and E, Acc. R. pp. 1394-1399). Not only had the manufacture and sale of Swan manifolds under license not been abandoned to a large extent, but it had actually increased. The evidence was that the number of licenses had decreased, but not the number of manifolds. This was due to such causes as the consolidations in the automobile business which resulted in the concentration of the business and the Swan licensees in larger concerns such as General Motors Corporation. General Motors Corporation took a paid-up license under the patents in suit, paying in full for past and future infringement soon after the decision of the District Court, reported at 43 F. S. 499, December, 1941, in which high tribute was paid to the merits of the Swan invention, as we have noted *supra*.

Instead of the Court of Appeals in the Sixth Circuit paying tribute to the success of the prior art Matheson manifold, that Court adhered to its previous view that it

had failed to perform the function of the Swan invention, saying on the subject (130 Fed. (2) 394) as follows:

“We do not consider it controlling that this court has held in two former cases based upon other records that Matheson and Fiat, to which the accused manifolds are closer than they are to Swan, *failed to solve the problem of the equal distribution of low volatile gasoline.*”

All three of the tribunals below rejected these contentions regarding the value of the manifolds when each allowed the profits on the unmounted manifolds, to which defendant's contentions would apply, as well as the mounted manifolds. The allowance of the profits by each of the three tribunals on the unmounted manifolds, but the failure to allow the profits on the mounted manifolds, proves conclusively that the sole basis for not allowing the profits on the mounted manifolds was the confusion and comminglement by the defendant.

Manifestly, it is immaterial to either the issue of diversity of decision or conformity with the decisions of this Court whether the infringement was innocent or deliberate. Nevertheless, since Respondent has discussed this question, we point out that the Master found that Petitioner disclosed the invention to Respondent confidentially (Appendix I, p. 54), and that Respondent designed its manifolds with a view of achieving the valuable results of the invention thus disclosed (Appendix I, p. 100).

Nor are Respondent's contentions based on the excerpts quoted from the *Westinghouse* decision at page 9 of Respondent's brief supported or justified by such excerpts since in these excerpts this Court was dealing with cases where there was no confusion. Beginning at the end of the part last quoted by Respondent, this Court took up and dealt with cases where there was confusion, saying (pp. 620-621):

"6. *But when a case of confusion does appear—* when it is impossible to make a mathematical or approximate apportionment—then from the very necessity of the case one party or the other must secure the entire fund. It must be kept by the infringer, or it must be awarded, by law, to the patentee. On established principles of equity, and on the plainest principles of justice, the guilty trustee cannot take advantage of his own wrong. The fact that he may lose something of his own is a misfortune which he has brought upon himself; and if, as argued, the fund may have been made by the use of other patents also, for which he may be liable in another case, it is again a misfortune which he has brought upon himself and an instance of a double wrong causing double liability. He cannot appeal to a court of conscience to cast the loss upon an innocent patentee and by judicial decree repeal the provision of Rev. Stat., Sec. 4921, which declares that in case of infringement the complainant shall be entitled to recover the 'profits to be accounted for by the defendant.'

"This conclusion is said to be in conflict with the Garretson and other decisions which, it is claimed, justify the conclusion that the defendant is entitled to retain all of the profits even where the patentee is unable to make an apportionment. *Warren v. Keep*, 155 U. S. 265. An analysis of the facts of those cases will show that they do not sustain so extreme a doctrine. For they deal with instances where the plaintiff apparently relied on the theory that the burden was on the defendant, and for that, or other reasons, made no attempt whatever to separate the profits. None of the cases cited discuss the rights of the patentee who has exhausted all available means of apportionment, who has resorted to the books and employees of the defendant, and by them, or expert testimony proved, that it was impossible to make a separation of the profits."

In the paragraph entitled "*Second*" at page 10 of Respondent's brief, Respondent discusses Respondent's means for apportioning the profits made on the car be-

tween the mounted manifold and the balance of the car. Save for the admission that there were profits due to the mounted manifolds, pregnant therein and apparent therefrom, this discussion is immaterial on the issues presented by the Petition. Moreover, it is unsound because predicated upon the avowed, but erroneous, premise that the patented invention was due to a detail of design. It is manifest that which means of apportionment, several of which were presented by the Petitioner and this one by the Respondent, is to be adopted, if any, is a question to be considered by this Court in case the petition is granted, and that such question has no bearing upon either the issue of diversity of decision in the Circuits or the departure of the decision below in the instant case from the established practice in this Court. Defendant's means of apportionment was rejected by the Master (M. R., Appendix I, pp. 76-79).

The claims in the first paragraph on page 4 of Respondent's brief are incorrect. All our claims are predicated upon the combinations, the operations, and the achievements. None were ever predicated upon the corners alone. In the Sixth Circuit Court of Appeals case reported at 88 Fed. (2) 876, the infringing manifold had round corners. The Jury held infringement and was affirmed by the Court of Appeals.

In the *Reeke-Nash* case no charge of infringement was made against what Respondent calls the round cornered manifolds at the top of page 6 of his brief because none had been made, sold or used by the Reeke-Nash Company prior to the filing of the Bill of Complaint therein.

The quotation at the middle of page 7 of Respondent's brief is not applicable here because it is taken from a case upon a method patent (*Tilghman v. Proctor*) where the standard of comparison rule there stated was applicable. This rule is not applicable on an article.



**Respondent's Second Group Manifolds**, which Respondent characterized as Defendant's "round-cornered manifolds" in its brief, thus designating the hide by the tail,\* are in this litigation called "the Second Group Nash Manifolds," or the "accused manifolds," and we will use such terms here. The majority of the Court of Appeals in the Fourth Circuit reversed the District Court in Maryland (25 F. S. 24) in its opinion at 105 Fed. (2) 305, the Trial Judge had held that these particular manifolds did infringe Claim 20 of patent No. 1,536,044, the only claim charged to be infringed by these manifolds. Circuit Judge Parker dissented (105 Fed. (2) 310) from the majority, agreeing with the District Judge and pointing out that the opinion of the majority of the Court of Appeals in the Fourth Circuit was in conflict with the decision of the Sixth Circuit Court of Appeals at 88 Fed. (2) 876. In the language of Judge Parker the opinion of the majority was—

"in *direct conflict* with the finding in one of the last General Motors cases affirmed by the Sixth Circuit, 88 Fed. (2) 876." (105 Fed. (2) 311.)

The later decision in the Sixth Circuit, reported at 43 F. S. 499, conformed to the Sixth Circuit rule, to the decision of Judge Coleman in the District of Maryland, and to Judge Parker's dissenting opinion.\*\* There thus exists not only a conflict of decisions in the two Circuits, but a conflict between the decisions of Judges Parker and Coleman, on the one hand, and Judges Northcott and Soper, on the other hand, in the Fourth Circuit on this question.

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\* This is the practice so commonly used in trade, politics, etc. of trying to control, if not conceal, a principle by a slogan or phrase, like yelling about hound dogs, hard cider or swamp root when protective tariff, free trade, pharmaceutical applications, or some other important and salient issue is at stake.

\*\* This situation is not changed by the decisions in the Sixth Circuit in the Swan-Chrysler litigation (130 Fed. (2) 391; 34 F. S. 766). Claim 20 was not involved in that litigation, and the Sixth Circuit Courts in the Chrysler litigation differentiated from the situations in the other sets of litigation (130 Fed. (2) 393).



Not until the Final Decree was entered in the instant case was it appropriate that we call this Court's attention to this diversity of decision (*Smith v. McCullough*, 270 U. S. 456, 461; *United States v. Beatty*, 232 U. S. 463, 466; *Hamilton-Brown v. Wolf*, 240 U. S. 251, 258; *Panama v. Napier*, 166 U. S. 280). It is of this Final Decree that the pending Petition for Certiorari seeks review and, as in the cited case (*Smith v. McCullough*), we sought reconsideration of the question on the second appeal from this Final Decree.

In the last paragraph of the Respondent's brief on this Petition for Certiorari, Respondent asks for a review broader than the specific question presented by the Petition. We join in this request to the extent of the question of infringement of Claim 20 of Swan patent, No. 1,536,044 by the Second Group Nash Manifolds and the propriety of extending the recovery thereto. The other questions covered by the Respondent's request are settled by the *admitted estoppel by judgment* (25 F. S. 22, 23) and, therefore, not appropriate for review (*Hart vs. Railroad*, 244 U. S. 298, 299; *Kessler vs. Eldred*, 206 U. S. 285, 289). Moreover, all the other litigations are closed and the patent has expired, leaving the only unsettled question the extent of recovery in the instant case.

**(1) Diversity of Decision:** As is clear from Judge Parker's opinion, there is diversity of decision between two Circuit Courts of Appeals which is ground for review by this Court.

There are additional reasons for reviewing this question of infringement of this single claim by this Second Group of manifolds which are as follows:

**(2) A Neutral Expert and Weight to be Given Findings of a Trial Court Based Thereon:** Judge Coleman, in the District Court of Maryland, followed in the instant

case the practice which he has followed in many cases of appointing a *neutral expert*, thus seeking to avoid placing the neutral Judge between the conflicting views of partisan experts. Judge Coleman appointed Professor Alexander Graham Christie of Johns Hopkins University to perform this function, and he did perform it. It resulted that instead of having a neutral Judge between disagreeing experts, we had a neutral expert between the two pairs of disagreeing Judges, all relying entirely or substantially upon the views of Professor Christie, as the several opinions show. Judges Coleman and Parker considered that there was infringement based upon Professor Christie's testimony (25 F. S. 28-30; 105 F. (2) 311), and Judges Soper and Northcott holding non-infringement, and making their holding while taking note of the testimony of Professor Christie (105 Fed. (2) 308).

All of this casts serious doubt upon the advisability of what otherwise seems to be a commendable practice and one which ought to and might, if properly regulated, lead to great assistance in the administration of justice in patent and allied cases where expert testimony is pertinent. This Court's views upon the diversity of decisions of the two pairs of Judges in the Fourth Circuit, under the circumstances, would be most helpful in connection with this neutral expert practice.

The reasons for following the practice of Rule 52 of Civil Procedure apply with unusual force to the Findings and Conclusions of the District Court predicated upon the testimony of the neutral expert. It will be remembered that this Rule 52 reads as follows on this subject:

"Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court."

Not only was Professor Christie selected as the neutral expert by Judge Coleman without suggestion by the parties to the cause, but he was examined by Judge Coleman at the trial. He not only testified at the trial, but he attended the tests of the parties, going from place to place where tests were made, including Cleveland, Ohio and Ann Arbor, Michigan. He made some investigations of his own; he requested that special tests be made and which were made by the parties, sometimes upon equipment furnished by him. He sat through the trial, listening to the testimony of the experts of the two parties before he was called to the stand, where he was examined by the trial Judge and cross examined by counsel for the parties. Therefore, there are much stronger reasons for accepting Judge Coleman's Findings and Conclusions based upon the testimony of the neutral expert than in the ordinary case contemplated by Rule 52, where a witness merely appears in Court at the request of one of the parties and is examined by counsel for the parties. (See also this Court's decision in *Adamson vs. Gilliland*, 242 U. S. 350.)

**(3) Weight to be Given Findings of a Jury:** Moreover, in the Sixth Circuit Case (88 Fed. (2) 876), referred to by Judge Parker in his dissenting opinion, and by Judge Coleman in the opinion of the District Court of Maryland (25 F. S. 24), infringement had been found by *a jury*, and it would be important for this Court to decide which conclusion should prevail. It is to be said on behalf of the Jury in this particular law suit that Federal Juries contain men who own, repair, maintain, and operate their own automobiles, and that such men would be more familiar with the facts and better able to judge of the facts, performance of manifolds and infringement than Circuit Judges, no matter how much more learned the latter are in the law and subjects of general interest for, to common knowledge, Circuit Judges do not maintain and repair their own auto-

mobiles. As we understand the rule, the Findings of Fact of a Jury stand with such high credit in a reviewing Court that they must be accepted by that Court, except under unusual circumstances, and it ought to be decided what weight is to be given to the findings of the Jury when approved by the Court of Appeals in the Sixth Circuit, the District Court in Maryland, one of the Judges of the Court of Appeals in the Fourth Circuit, when in conflict with the views of two of the Circuit Judges in the Fourth Circuit. It would seem reasonable if the views of the Jury are entitled to such high credit as to be almost unassailable in the Court of Appeals which reviews the Jury's Findings, the Jury's Findings ought to be entitled, as a matter of comity, to controlling influence in a Court of Appeals in another Circuit, especially when the Jury's views are affirmed by so many other Judges.

**(4) Lack of Uniformity in Patent Cases Threatens the Usefulness of the Patent System:** Since the opinion of the majority of the Fourth Circuit Court of Appeals on this question of infringement of Claim 20 was rendered on June 21, 1939, President Roosevelt's Patent Planning Commission has investigated the whole patent system, made its Report, and the Report was forwarded by the President to Congress (June 18, 1943). Generally, this Report is to the effect that the American patent system has been most valuable to the people of the United States, recommending its continuation, and otherwise offering high praise to the system. The following are excerpts from the Report of the Commission:

"In accordance with Executive Order No. 8977 of December 12, 1941, the National Patent Planning Commission has been engaged in a study of the American patent system and its operation.

"The American patent system established by the Constitution giving Congress the 'power to promote the progress of science and useful arts,' is over 150

years old. The system has accomplished all that the framers of the Constitution intended. It is the only provision of the government for the promotion of invention and discovery and is the basis upon which our entire industrial civilization rests.

“The American people and their government should recognize the fundamental rightness and fairness of protecting the creations of its inventors by the patent grant. The basic principles of the present system should be preserved. The system has contributed to the growth and greatness of our nation; it has:

- (1) encouraged and rewarded inventiveness and creativeness, producing new products and processes which have placed the United States far ahead of other countries in the field of scientific and technological endeavor;
- (2) stimulated American inventors to originate a major portion of the important industrial and basic inventions of the past 150 years;
- (3) facilitated the rapid development and general application of new discoveries in the United States to an extent exceeding that of any other country;
- (4) contributed to the achievement of the highest standard of living that any nation has ever enjoyed;
- (5) stimulated creation and development of products and processes necessary to arm the nation and to wage successful war;
- (6) contributed to the improvement of the public health and the public safety; and
- (7) operated to protect the individual and small business concerns during the formative period of a new enterprise.

“The strongest industrial nations have the most effective patent systems and, after a careful study, the Commission has reached the conclusion that the American system is the best in the world. However, as with any system of long standing, conditions arise which were not foreseen at the time of its establishment. The

American patent system should be adjusted to meet existing conditions without destroying its basic principles."

\* \* \* \* \*

"The Patent System is the foundation of American enterprise and has demonstrated its value over a period coextensive with the life of our government. The principle of recognizing a property right in intellectual creation is sound and should be continued as contemplated in the Constitution."

The Commission calls particular attention to the danger to the usefulness and benefits of this system due to lack of uniformity of decision in the following language:

"There should be a uniformity in the grant and treatment of patents. The present confusion threatens the usefulness of the whole patent system and calls for an immediate and effective remedy."

That a holding of non-infringement by two Circuit Judges which is contrary to the District Judge who saw and heard the neutral expert and other witnesses, with one of the Judges of the Court of Appeals, with a Jury, and the Courts, including the Court of Appeals in another Circuit, should stand unreversed is hardly consistent with the results of the investigations, the recommendations, and the Report of this Commission, and is certainly contrary to the spirit of that Report in its recommendations for such an administration of the patent system as would prevent lack of uniformity, encourage invention and the beneficial results thereof.

**(5) Review of the Question is Within the Practice of the Court** (*Panama v. Napier*, 166 U. S. 280): This Court has reviewed questions not specifically named in a Petition for Certiorari.

Although the particular question of the infringement of this Claim 20 by this Second Group of manifolds was not specifically named as a ground in the Petition, a ruling on

this question would influence the amount of profits recoverable, and the amount of profits recoverable is the specific point named in the Petition for Certiorari. Thus, in a left-handed way, the question of the infringement by the Second Group of manifolds may be said to be involved and, as we say, the parties join in asking the Court to review this question. The request made by the Respondent is included with the other requests in the last paragraph of Respondent's brief, and the request of the Petitioner is here and now presented. For simplification we might refer to this question of the infringement of Claim 20 of Swan patent, No. 1,536,044 by the Nash Second Group of manifolds as the second point of the Petition. To avoid any doubt of the practice we are filing an amendment to our Petition for Certiorari to cover this point.

Respectfully submitted,

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IN THE

**Supreme Court of the United States**

OCTOBER TERM, 1943

No. 92

THE SWAN CARBURETOR COMPANY,  
*Petitioner,*

*vs.*

THE NASH MOTORS COMPANY,  
*Respondent.*

**RESPONDENT'S MEMORANDUM OPPOSING PETITIONER'S MOTION TO SUPPLEMENT AND AMEND ITS PETITION FOR CERTIORARI**

The petition for certiorari, as filed, was carefully limited by petitioner to present to this Court a single question, namely, whether the Circuit Court of Appeals for the Fourth Circuit was right or wrong in its refusal to make an award of profits (as distinguished from the damages which it did allow) on certain of defendant's "first group" manifolds. As petitioner said in the argument accompanying its original petition (p. 6), "This petition relates entirely to the profit feature."



The reasons why the petition as filed should not be granted have been stated in respondent's brief in opposition to the petition and will not be repeated here. We note, however, despite petitioner's assertion to the contrary (reply brief, p. 1), that diversity of decision has been specifically denied (respondent's brief, p. 2).

Petitioner has now filed a "Motion to Supplement and Amend the Petition for Certiorari." By the attempted amendment petitioner seeks to obtain a review of an entirely different question from that presented by the original petition, namely, the correctness of the decision of the Circuit Court of Appeals for the Fourth Circuit, on a previous appeal, that respondent's "*second group*" manifolds do not infringe petitioner's patents.

Respondent submits that it is much too late for petitioner to obtain a review of this decision.

The decision of non-infringement by the second-group manifolds, which petitioner belatedly seeks to have reviewed, was rendered by the Circuit Court of Appeals for the Fourth Circuit in 1939. *The Nash Motors Company v. The Swan Carburetor Company*, 105 F. (2d) 305. No petition for certiorari was filed seeking review of this decision and the proceedings in the case since this decision have been confined to the accounting held to determine what profits or damages, if any, should be awarded to petitioner on account of respondent's *first-group* manifolds. The decision of the Circuit Court of Appeals awarding certain profits and damages on account of the first-group manifolds, to which the petition for certiorari as filed is directed and confined, was rendered in February, 1943. A petition for rehearing of this decision was denied March 8, 1943. The time within which a petition for certiorari could be filed

therefore expired June 8, 1943. The present petition for certiorari was filed on the last possible day, June 8, and the attempted amendment, served September 10, 1943, therefore comes approximately three months after the expiration of the time allowed for seeking review by certiorari.

Since the attempted amendment is so clearly out of time, we shall not here discuss the merits of the proposed amendment except to point out that the decision of non-infringement by the second-group manifolds is not in conflict with the earlier decision of the Circuit Court of Appeals for the Sixth Circuit holding infringement by the first-group manifolds. The second-group manifolds were of different design, having rounded corners constituting a reversion to the prior art, which compelled a holding of non-infringement. The Circuit Court of Appeals for the Sixth Circuit reached the same result with respect to similarly rounded manifolds in its more recent decision in *Swan Carburetor Co. v. Chrysler Corp.*, 130 F. (2d) 391 (1942). The holding of infringement in *Swan v. General Motors*, 88 F. (2d) 876, was the decision of a jury, not of the Circuit Court of Appeals which had before it only the correctness of the charge of the trial judge to the jury.

In explanation of petitioner's sudden willingness to have a review involving the merits of its patents (of which one has expired and the other has less than a year to run), it may be stated that since the filing of the original petition for certiorari, and the filing of respondent's brief in opposition, respondent has paid petitioner the full amount of the judgment below, with interest to the date of payment (amounting in all to \$169,576.56). Having received this insurance against the consequences of an adverse decision on the merits of its patents, petitioner for the first time seeks review of this old holding of infringement. The effort comes too late.

Respondent submits that this lengthy litigation should be closed by the denial of both the petition for certiorari and the motion to amend.

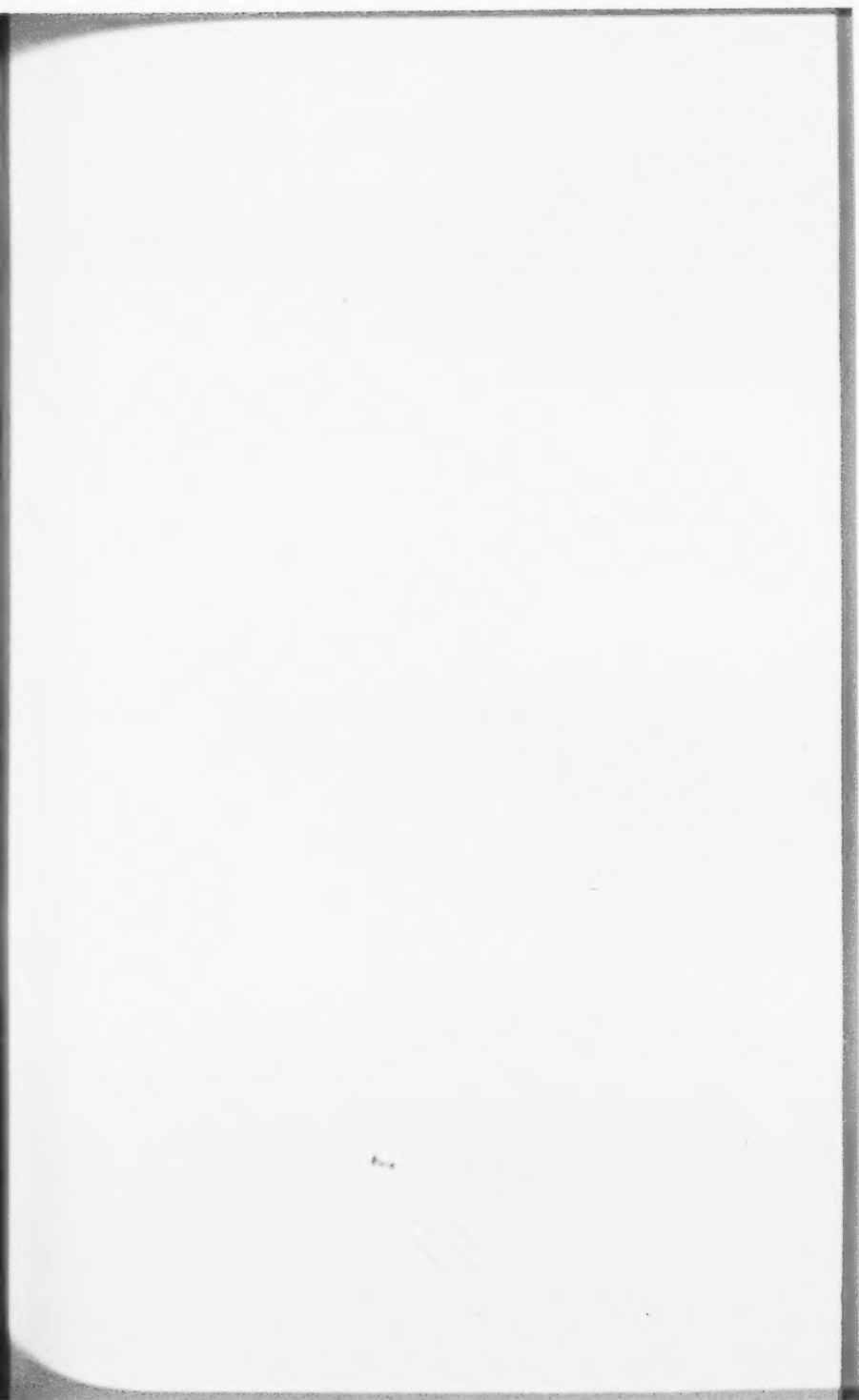
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September, 1943





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**In the Supreme Court of the United States**

**OCTOBER TERM, 1943.**

**No. 92.**

THE SWAN CARBURETOR COMPANY,  
*Petitioner,*

vs.

THE NASH MOTORS COMPANY,  
*Respondent.*

**PETITIONER'S MOTION TO SUPPLEMENT AND  
AMEND THE PETITION FOR CERTIORARI.**

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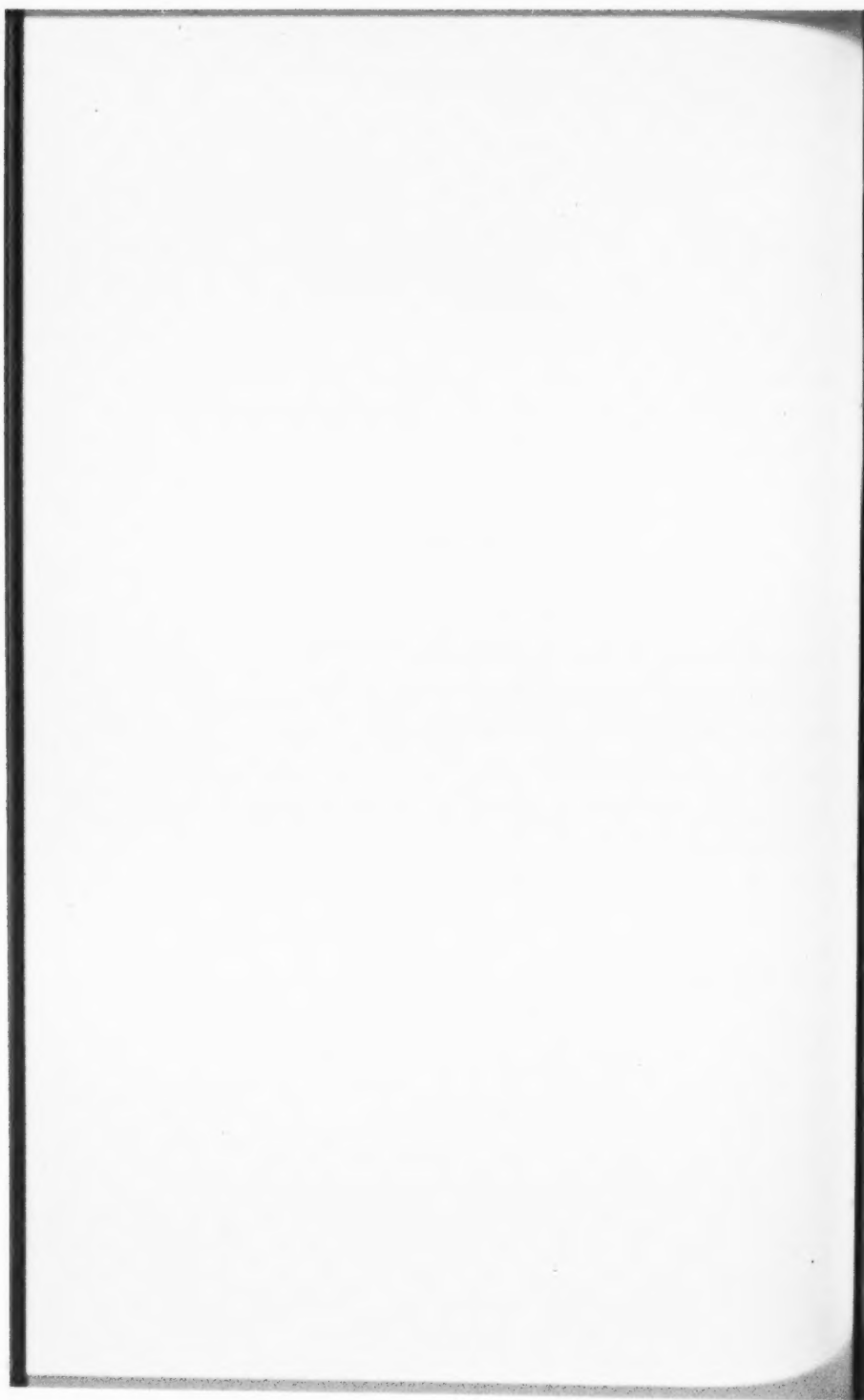
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# In the Supreme Court of the United States

OCTOBER TERM, 1943.

**No. 92.**

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THE SWAN CARBURETOR COMPANY,

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*Respondent.*

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## **PETITIONER'S MOTION TO SUPPLEMENT AND AMEND THE PETITION FOR CERTIORARI.**

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Now comes The Swan Carburetor Company, the petitioner in the above entitled cause, and moves this Honorable Court to supplement and amend its Petition for Writ of Certiorari filed herein. Petitioner prays leave to supplement and amend its Petition for Writ of Certiorari in the following particulars:

1. To include a review of what appears to petitioner to be errors in the Court's finding of non-infringement in the judgment of the Circuit Court of Appeals for the Fourth Circuit as set forth in the Amendment to Mandate, November 2, 1939, Record Vol. II, page 19, as follows:

"On consideration whereof, it is now here ordered, adjudged and decreed by this court that the decree of the District Court in this cause be and the same is hereby reversed with costs as to the finding of infringement of claim 20 of patent No. 1,536,044 by defendant's manufacture, use and sale of its manifold illustrated in part and exemplified in plaintiff's exhibits 32 to 36, inclusive, and that this cause be, and the same is hereby remanded to the District Court of the United States for the District of Maryland, at Baltimore, for further proceedings in accordance with the opinion of the court filed herein."

**FOREWORD.**

The Bill of Complaint herein alleges infringement of Patent No. 1,536,044 by defendant's manufacture, use and sale of intake manifolds for automobile engines, and encompasses manifolds in suit in the case of *The Swan Carburetor Company v. Reeke-Nash Motors Company*, a suit filed in the Sixth Circuit and is reported in 88 Fed. (2) 876. These manifolds have come to be known here as the first group manifolds. The defendant assumed the defense of that suit and a *res judicata* has been conceded by defendant in its answer herein (25 F. S. 22, 23). The Bill of Complaint also alleges the infringement by defendants, through manifolds made since the filing of the suit against the Reeke-Nash Company. The infringement of Claim 20 of Patent No. 1,536,044 was charged as to these later manifolds, and have become known here as the "Nash second group manifolds" or the accused manifolds in the litigation. The second group manifolds are set forth in the Amendment to Mandate quoted above as Plaintiff's Exhibits 32 and 36.

The opinion of the Circuit Court of Appeals for the Fourth Circuit is reported in 105 Fed. (2) 305 and is found in the Record, Volume II, pages 3-12 and the dissenting opinion of Judge Parker appears in 105 Fed. (2), page 310 and is found in the Record, Volume II, pages 13-15.

**THE REASON RELIED UPON FOR THE ALLOWANCE  
OF THE SUPPLEMENT AND AMENDMENT.**

There is a diversity of decision between the majority of the Court of the Appeals for the Fourth Circuit on the one hand, and the Court of Appeals in the Sixth Circuit, the jury and other courts in the Sixth Circuit, Judge Parker of the Court of Appeals for the Fourth Circuit and the District Court for the District of Maryland. The diversity is clear from the following statement by Judge Parker in

his dissenting opinion, 105 Fed. (2) 311, Record, Volume II, page 12, as follows:

"Finding of non-infringement is in direct conflict with a finding in one of the last General Motors cases affirmed by the Sixth Circuit, 88 Fed. (2) 876."

This diversity relates to a single question of infringement of Claim 20 of the Swan Patent No. 1,536,044 and what is known as the Nash Second Group Manifolds or the accused manifold in the litigation. The District Court held there was infringement by the second group manifolds (Record, Vol. II, page 1). Similar manifolds manufactured by the General Motors Corporation were held to be infringements of the patent in suit (88 Fed. (2) 876, C. C. A. 6).

#### MEMORANDUM.

Perhaps this petition is unnecessary in the view of the practice in this Court to consider and review questions not specifically mentioned in a Petition for Certiorari. *Panama v. Napier*, 166 U. S. 280, 284; *Hamilton v. Wolf*, 240 U. S. 251, 258; *Chicago-Northwestern v. Durham*, 265 U. S. 580; *Simmons v. Grier*, 258 U. S. 82; *Toledo v. Computing Scale*, 261 U. S. 399, 418.

In *Panama v. Napier*, 166 U. S. 280, Mr. Justice Brown said in the opinion at page 284:

"But while the court of appeals may have been limited on the second appeal to questions arising upon the amount of damages, no such limitation applies to this court, when, in the exercise of its supervisory jurisdiction, it issues a writ of certiorari to bring up the whole record. Upon such writ the entire case is before us for examination."

In this case the lower court confined its review to the subject matter of the second appeal, namely damages and profits, however, as this Court said, "no such limitation applies to this Court."

If however the Court should deem that this petition is necessary to review this point, amendments and supplements to petitions for certiorari have been granted in some of the state courts, notable among these is New York (14 C. J. S. 222).

The error complained of here was contained in the interlocutory judgment of the lower court and petitioner did not make application to this Court for a Writ of Certiorari when this interlocutory decree was entered. The court has approved the practice of waiting until the final judgment before making application for a Writ of Certiorari to review the judgment in a number of cases.

In *Panama v. Napier*, 166 U. S. 280, this Court said on page 284:

“If, under such circumstances, this court were powerless to examine the whole case upon certiorari, we should then be compelled to issue it before final decree, whereas, as was recently said in the case of *The Conqueror* (ante 514), it is and generally should be issued only after a final decree.”

In *Hamilton v. Wolf*, 240 U. S. 250, a trade mark case, this Court said on page 258:

“And, although in this instance the interlocutory decision may have been treated as settling ‘the law of the case’ so as to furnish the rule for the guidance of the referee, the District Court, and the Court of Appeals itself upon the second appeal, this court, in now reviewing the final decree by virtue of the writ of certiorari, is called upon to notice and rectify any error that may have occurred in the interlocutory proceedings.”

This Court in *Simmons v. Grier*, 258 U. S. 80 has held that the failure to apply for a Writ of Certiorari to an interlocutory decree is not laches. At page 91 this Court said:

“We cannot assent to the view of the court below that plaintiffs may be regarded as consenting to the decree of January 5, 1916; they simply accepted an adverse

decision as to a part of their suit, not open to further appeal at their instance, and proceeded in the orderly mode to pursue their suit as to the rest. They were not guilty of laches for omitting at that stage to make application to this court for allowance of a writ of certiorari."

In respondent's brief on our presently pending petition for certiorari, page 11, respondent suggests that the review not be confined to the single point presented in the petition and the petitioner acquiesced in this to the extent of the one additional point here presented for the reasons stated.

Our reasons for taking up the case on this point—which we here call for convenience, the second point,—are stated fully under the title "Respondent's Second Group Manifolds" at pages 13 to 20 of our reply brief on the application for writ of certiorari and we will not repeat them here.

Respectfully submitted,

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# In the Supreme Court of the United States

OCTOBER TERM 1943.

**No. 92.**

THE SWAN CARBURETOR COMPANY,

*Petitioner,*

vs.

THE NASH MOTORS COMPANY,

*Respondent.*

PETITION FOR REHEARING ON PETITION FOR  
CERTIORARI.

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# In the Supreme Court of the United States

OCTOBER TERM 1943.

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**No. 92.**

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THE SWAN CARBURETOR COMPANY,  
*Petitioner,*

vs.

THE NASH MOTORS COMPANY,  
*Respondent.*

---

## **PETITION FOR REHEARING ON PETITION FOR CERTIORARI.**

---

This Petition is directed solely to the single question here on the amendment to the original Petition for Certiorari, which amendment was allowed by Order of this Court of October 11, 1943.

This question is:

Is Claim 20 of the Swan patent, No. 1,536,044, infringed by the Second Group Nash manifolds?

Owing to the proceedings by which this question is brought before this Court, and the consequent overlapping of the reasons and grounds relating to the same with, and the confusion thereof, with the grounds and reasons presented on behalf of the other questions included in the original Petition for Certiorari, there was confusion in the presentation.

There is present, as reason for granting a Petition for Certiorari on this single point, every ground that we have been able to find upon which a patent case has ever been taken up by this Court. *This is to be expected where two men are in disagreement with nineteen others and where the*

*single decision of two men is directly contrary to no less than five decisions of nineteen other men and the evidence of a Court's expert.*

These reasons are as follows:

(1) Diversity of decision of Circuit Courts of Appeals on a specific question, i.e., the infringement of a particular patent claim by identical devices. This diversity is pointed out by Circuit Judge Parker so there can be no doubt of its existence.

(2) Diversity of decision between the majority of the Court of Appeals in the Fourth Circuit and the District Courts in Baltimore and in Cleveland, Ohio, as well as the Court of Appeals in the Sixth Circuit.

(3) Diversity of decision between members of the Court of Appeals in the Fourth Circuit; Judge Parker, who wrote the dissenting opinion, being in agreement with the Court of Appeals in the Sixth Circuit and with the District Judges in Baltimore and Toledo.

(4) Disagreement between the decision of the majority of the Judges in the Court of Appeals in the Fourth Circuit and the law established by the opinions of this Court both ancient and current on every point involved.

(5) The decision of the majority of the Court of Appeals in the Fourth Circuit is contrary to public policy.

**(1) Direct Conflict Between the Decision of the Court of Appeals in the Sixth Circuit and the Majority of the Court in the Fourth Circuit:** There can be no doubt or question about the presence of this "*direct conflict*," for Judge Parker, presiding Judge of the Fourth Circuit Court of Appeals, in dissenting from the other two members of that Court, declared that their opinion was in "*direct conflict*" with the decision of the Sixth Circuit Court of Appeals, saying (105 Fed. (2) 311) the decision of his colleagues (Judges Soper and Northcott) is:

"in *direct conflict* with the finding in one of the last General Motors cases affirmed by the Sixth Circuit, 88 Fed. (2) 876."

We recognize that it frequently happens that the conflict is indirect, or that collaterals may be involved which leave the question of direct conflict open and in confusion, and we think perhaps that on the original case this Court may have confused this particular question with such cases, but there are no collaterals here. The conflict is *direct and complete*, and we have Judge Parker as authority for that assertion. We have examined the history, the authorities, and the rules of this Court as far as they have been published, and we have been unable to find any case where this Court has refused certiorari where there was a "*direct conflict*" between decisions of Courts of Appeals upon a specific question. Our investigations have developed no case where this Court has refused certiorari where the authority for that direct conflict is one of the Judges sitting in one of the Courts below whose opinions are in direct conflict.

**(2) Diversity of Decision Between the Majority of the Court of Appeals in the Fourth Circuit and the District Courts:** Among the recent cases in which this Court has issued a Writ of Certiorari where there was such a diversity are *Paramount v. Tri-Ergon*, 294 U. S. 464, and *Duplate v. Triplex*, 298 U. S. 448. In the instant case the sole question is a question of patent infringement which is a question of fact under recent decisions of this Court and other courts. The opinion of the District Court in Maryland was, moreover, predicated upon the testimony of a neutral expert witness, appointed by the Court with the consent of the parties and examined by the Court, making it especially appropriate that the rule in *Adamson vs. Gilliland*, 242 U. S. 350 and Rule 52 of the Federal Rules of Civil Procedure be followed. In the Sixth Circuit the finding of infringement was made by a Jury whose Findings of Fact

are entitled to especial weight and consideration. Prior to the trial by the Jury, the cause had been referred to a Commissioner under the rule of this Court in *ex parte Petersen*, 253 U. S. 300, and this Commissioner had found infringement with the result that the finding of the two Judges (Judges Soper and Northcott) as the majority in the Fourth Circuit Court of Appeals, was contrary to Judge Parker of that Court, dissenting, to the District Court in Maryland, to the Court of Appeals in the Sixth Circuit, to the Jury in the Sixth Circuit, and to the Commissioner, under *ex parte Petersen*, in the Sixth Circuit. Thus the decision of two people stands in domination of the decisions of nineteen. Among these nineteen, fifteen were fact finding Tribunals, including a neutral expert, a Master (i.e., the Commissioner, who was the standing Master of the District Court in Cleveland), a District Judge who saw and heard the witnesses, and twelve jurymen, many of whom are experienced in the subject-matter involved, as we believe the Court will take judicial notice. We doubt if ever, in any case, has there been such a collection of legal and mechanical talent arrayed upon one side of a question.

We might add that there is here present a most novel reason for this Court taking up this case, and that reason is that the tail should not be permitted to wag the dog; that is, that two Circuit Judges—no matter how good lawyers they may be—should not be permitted to overrule and negative the work and the decisions of so many men who are learned in the science and mechanics to which the question relates, and so many lawyers who out-number the two.

Certainly where one sees the tail wagging the dog, the situation ought to be investigated to determine if there is not something wrong with this phenomenon, and that is what we are asking be done here.

**(3) Dissent on the Diverse Court:** Judge Parker's soundness and integrity are recognized, acknowledged and respected by the entire American Bar and Bench. Even if

his judgment and decision, expressed most emphatically in his dissenting opinion, was not in accord with these other eighteen impartial people, a question in which Judge Parker differs so emphatically and so positively with his colleagues, merits investigation even more than decisions in which a Court of Appeals has differed with a District Court, such as those we have cited above. Indeed, since this Court has found reason to investigate cases in which the three Judges on a Court of Appeals differed with the one Judge on the District Bench, how much more reason is there for investigating the instant case in which only two of the Judges of the Court of Appeals disagree with the District Court and the opinion of the other Judge on the Court of Appeals is in accord with the District Court, so that the line-up is two against two, in the instant case, as against three against one in the cited cases.

Moreover, one seldom finds pronouncements so positive and so emphatic in a particular holding as those of Judge Parker in the dissenting opinion and of Judge Coleman in the opinion of the lower Court (25 F. S. 24). Both are supported by the views of the neutral expert, as both Judge Coleman and Judge Parker have pointed out and, of course, as we have said, are in accordance with the Courts in the Sixth Circuit, as Judge Parker has said. Judge Parker was so emphatic and so forthright and outspoken in his dissenting opinion that he declared that

“The finding of non-infringement” (by Judges Soper and Northcott) “here is based upon an immaterial change in structure, which was before the court in the former infringement suit” (the Sixth Circuit litigation) “on a contention that the change was immaterial and the device there held to infringe should be held not to infringe because of the immateriality of the difference.” (105 Fed. (2) 311.)

So emphatic and so forthright was Judge Parker that he further said that the opinion of his colleagues, while paying “lip-service” to the validity of the patent, in effect



nullified it; in other words, that the majority of the Court in the Fourth Circuit, as we will point out hereinafter, while claiming to decide the question on non-infringement, in effect, went behind the estoppel by judgment and decided the question of validity, a question which was not in issue and, therefore, one upon which no evidence had been submitted. In other words, the majority of the Court, having the inestimable advantage of the use of the hindsight and no evidence on the question of validity, in fact decided the question of validity through the stratagem of appearing to decide the cause on non-infringement. Wherever the question of validity was involved and the evidence was submitted on that question, the claim involved was held valid. It is particularly iniquitous that it should be said that the decision is on non-infringement when, as Judge Parker pointed out, it was, in fact, on the question of validity, when no evidence was presented on the question of validity because that was foreclosed by the estoppel. In this particular Judge Parker is affirmed by the majority decision which indicated that their decision cast doubt upon the validity of the patent (105 Fed. (2) 310).

There was thus decided a question which was not before the Court, which was not in issue, which was foreclosed, and upon which there was no evidence, and which had always been decided in favor of the claim whenever it was in issue. It results that no matter whether the majority of the Court of Appeals in the Fourth Circuit decided the question on infringement or on validity, the decision of the majority is in direct conflict with the Court of Appeals in the Sixth Circuit, the District Court in Maryland, the District Court in Cleveland, and Judge Parker.

**(4) The Decision of the Majority of the Court of Appeals in the Fourth Circuit is in Disagreement with Many Principles Established by this Court, as would be expected where two men differ with nineteen men.**

(a) **Estoppel by Judgment Should Not Be Avoided Through Stratagem:** By a long line of decisions of this Court, both ancient and current, it has been held that a right, question or fact, distinctly put in issue and determined by a competent Court, cannot be relitigated (*Southern Pacific v. U. S.*, 168 U. S. 1). This is a ruling of substantial justice, of public policy and private peace (*Hart v. Railroad Supply*, 244 U. S. 291, 299). It prevails whether the former judgment was right or wrong (*Milne v. Deen*, 121 U. S. 525). Manifestly this rule should not be flaunted and its effects defeated by stratagem. As all the Courts have agreed, the Respondent was estopped to deny the validity of Claim 20 of the Swan patent. As we have pointed out, the decision of the majority of the Court in the Fourth Circuit was not only tacitly admitted by the majority, but distinctly stated by Judge Parker in his dissenting opinion to be, in effect, a holding of invalidity. The majority of the Court said at page 310:

“Although what has been said casts some doubt upon the validity of the patent, it must be assumed to be valid in this case;”

Judge Parker said, in his dissenting opinion (p. 311):

“and its effect is that, while paying lip service to the validity of the patent, we in effect nullify it.”

In other words, infringement, being very clearly proved by the testimony of the neutral expert and found by the District Court, a plain holding of non-infringement was untenable, as Judge Parker said, so the majority of the Court held non-infringement but in effect held invalidity. In other words, the question of validity, being settled by *res judicata*, was not in issue and no evidence was taken upon it. Not, however, wishing to say the patent was invalid, the majority reached the same conclusion by holding non-infringement. Thus, as Judge Parker said, “lip service” was paid to the validity of the patent but, in effect, it was nullified. In other words, it is very plain that Judge

Parker has said that what the majority did was to consider the patent invalid and to, in effect, hold it invalid though giving non-infringement as the reason, and we think the above quotation from the majority of the Court is an admission that this is what happened.

There is thus presented to this Court a novel question and one of great importance, i.e., where there is estoppel by judgment may the Court circumvent and out-flank the estoppel because the Court thinks that the former decision was wrong by basing its decision upon some other point in order to reach a conclusion which would justify the belief of the Court that there was error in the first decision? The evils of such a course are immeasurable. The outstanding one is that the real point upon which the case was decided by the majority opinion was not in issue and evidence was not taken upon the subject. (We ask the Court to note that what we have said here about the tactics of the majority in the Court of Appeals in the Fourth Circuit is said upon the authority of Judge Parker in his dissenting opinion and upon what we view to be a definition of the policy in the majority opinion.)

**(b) The Prior Art May Not Be Modified to Invalidate or Limit:** Although this rule has been followed in decisions of this Court ever since the commencement of the administration of the patent law, it is probably nowhere better stated by this Court than as follows in *Topliff v. Topliff*, 145 U. S. 161:

“It is not sufficient to constitute an anticipation that the device relied upon might, by modification, be made to accomplish the function performed by the patent in question, if it were not designed by its maker, nor adapted, nor actually used, for the performance of such functions.”

In the instant case all of the Courts refused to consider a modification of the prior art manifold to Matheson as well as those to others, which modified the mode of operation of

the prior art manifolds and enabled them to produce results which they not only could not produce, but were not known to be able to produce, except the majority of the Court of Appeals in the Fourth Circuit. On this subject the Court of Appeals in the Sixth Circuit said (88 Fed. (2) 886, 887):

“The Murray and Tregurtha manifold has heretofore been discussed in the royalty case. It did not perform according to the Swan principle, and its distribution was faulty. This is equally true of Matheson, Peerless and Fay & Bowen, which must rank as prior efforts and failures.”

Of course, unless the rule is followed, there can be no such thing as invention because there never was an invention which did not consist in the reorganization and modification of something that was old in order to make it perform the functions and do services which it could not before perform.

**(c) There Is Infringement Where the Structure of the Accused Device Comes Within the Scope of the Claims and There Is Identity or Substantial Identity of Mode of Operation and Results:** This also has always been the rule in this Court (*Machine Co. v. Murphy*, 97 U. S. 120, 125; *Winters v. Sanitary*, 280 U. S. 30).

The question of identity or substantial identity of mode of operation or results are peculiarly questions of fact. The Trials Courts in Cleveland and Toledo, who tried the cases under this patent in the Sixth Circuit, recognized that these questions were so distinctly questions of fact that each either observed tests on the manifolds themselves or else appointed a Master or a Commissioner to observe these tests. As is clear from the decision, the mode of operation is the course of the fuel mixture in the manifolds and the primary results are the equal or substantially equal distribution of the fuel mixture to the various cylinders. Only one who observed the operation of the manifolds could resolve these questions in dispute among the experts regard-

ing such matters. In the instant case, as we have said, Judge Coleman appointed a skilled scientist as a neutral expert to observe these operations and results. This neutral expert was in agreement with the Judges, the Master, and the Commissioner in the Sixth Circuit in saying that the mode of operations and results between the accused manifolds, the adjudicated manifolds and the Swan manifolds were all the same except perhaps in immaterial differences in degree, which are immaterial in the law. The two Circuit Judges in the Fourth Circuit who are in disagreement with the other nineteen people, of course, did not see any of these operations. The neutral expert also witnessed the operation of the Matheson manifold and said that it did not operate or get the results of the accused, the adjudicated, or the patented manifolds. True enough, he said that if enough changes were made in the Matheson manifold it was his opinion that it could be made to operate like and get the results of the patented, the adjudicated and the accused manifolds. Of course, that would be true of any prior art device.

**(d) The Rule That a Reviewing Court Should Not Overrule Fact Finding Tribunals Below Is Particularly Applicable in the Instant Case:** Everybody is familiar with the rule that a reviewing Court will not overrule the Findings of fact finding Tribunals who have seen and heard the witnesses where the finding is supported by evidence. This Court, consisting of nine Justices, has followed this rule from the most ancient times in the history of the Court. It has been adopted and followed everywhere until it has been incorporated in the new Equity Rules. In the instant case, as we have pointed out, the reversal was by two members of the reviewing Court.

We would not presume to say anything about the relative qualifications of Judges Soper and Northcott, but we point out that Judge Parker considered that Judges Soper and Northcott were not as familiar with the subject-

matter involved in this case as were the Courts in the Sixth Circuit (105 Fed. (2) 311). We commend his reasonings to this Court. Upon the basis of this high authority we point out that the reasons for adhering to the concurring findings of the Courts below on a question of fact is more commanding in the instant case than in an ordinary case. As we have pointed out, the question here was—What was the mode of operation that went on inside of numerous iron shells called manifolds, including the prior art, the patented manifold, the adjudicated manifold, and the accused manifold, and what went on inside of a heavy iron engine as a result of what went on inside this iron shell?

In the very recent case of *Williams v. United Shoe*, 316 U. S. 364, this Court said (p. 367):

“These are findings of fact, despite the Petitioner’s apparent contention to the contrary, and we will not disturb such concurring findings where, as here, there is evidence to support them.”

To the same effect was the ruling of this Court in *Continental v. Eastern*, 210 U. S. 405, 416, 422, and *Adamson v. Gilliland*, 242 U. S. 350.

In the instant case the two Judges on the Fourth Circuit Court of Appeals overruled the fact finding of the following Tribunals which had seen these performances within the manifolds:

The Commissioner, in the case of *General Motors v. Swan*, *supra*, in the Sixth Circuit.

The neutral expert in the instant case

and the following Tribunals who saw and heard the witnesses who saw the performances:

Judge Coleman in the Court below, who saw and heard the neutral expert, along with the other witnesses.

The Jury, in the case of *General Motors v. Swan*, *supra*.

It is anomaly, if not anathema, for two members of a Court of Appeals to overrule all of these fact finding and observing Tribunals upon a question of the performance and results of manifolds when those performances and results are hidden within iron walls and when all neutral parties, who have observed these performances through glass windows in these walls, have arrived at a different conclusion from that of these two Judges.

**(e) If Reforms Are to be Made Effective, it is Manifestly Futile to Pass Rules and Laws and Let Them Die:** Over a period of a great many years there was here and there a decision of this and other Courts to the effect that a reviewing Court would not disturb the Findings of Fact of a Trial Court except in a case of clear error. Among the decisions of this Court are *Furrer v. Ferris*, 145 U. S. 132; *Adamson v. Gilliland*, *supra*; and *Williams v. United Shoe*, *supra*. This rule was finally made a rule and a law in Rule 52 of the Federal Rules of Civil Procedure. If this reform is going to have any effect, it must be executed because, as said by Mr. Wigmore—

“It would seem to be axiomatic that a man is likely to do or not to do a thing or to do it or not to do it in a particular way (according), as he is in the habit of doing or not doing it.” (*State v. Railroad*, 52 N. H. 528, 532.) (Quoted in *Wigmore on Evidence*, 3rd Ed. 1940.)

There could not be a clearer violation of this rule and practice than the decision of the majority of the Court of Appeals in the Fourth Circuit. We state this also upon the authority of Judge Parker, who pointed out in the following language that the decision of the majority was overruling the Master and the District Court in Cleveland and the neutral expert and the District Court in Baltimore (105 Fed. (2) 310 and 311):

“As pointed out by the judge below, this finding, along with the other findings of the *master*, was adopted



without opinion by the District Court in the Reeke-Nash suit and presumably was affirmed by the appellate court.

\* \* \* \* \*

"It is strengthened, not merely by its adoption by the learned judge below, but also by the fact that in reaching his conclusion upon the case he had the assistance of a *most distinguished non-partisan expert*."

The sole question decided by the majority of the Court of Appeals in the Fourth Circuit was the question of infringement, which is a question of fact (*U. S. v. Esnault-Pelterie*, 303 U. S. 26; *Aluminum Co. of America v. Thompson Products*, 122 Fed. (2) 797, 799; *U. S. Rubber v. General*, 128 Fed. (2) 104, 108).

If the reform to be exercised by this Rule 52 is to be realized, it manifestly must be enforced, and there could not be a clearer case of its violation than the instant case.

**(5) Public Policy is Disserved by the Opinion of the Majority of the Court of Appeals in the Fourth Circuit:**

There never was a time when the American public needed inventions and inventions of so high an order as at the present time. They are not only needed, but they are essential to the effort and to success in the war. Likewise, they are necessary to the success of peace after the war. Nobody could serve the American public so well today as those who encourage the making of these inventions, except perhaps those who make them; on the contrary, nobody can dissuade the American public so much today as those who discourage the making of these inventions.

It is impossible for us here to give a list of all of the inventions that are needed, but we can list some of them.

For the war need, the following inventions are needed, if not necessary:

Means for offsetting the effect of the German rocket guns.



Means for offsetting the effect of the torpedoes which search out the screw propellers of ships.

A cocksure gun sight and range finder for locating airplanes.

Means which will throw a false image of an airplane, much as the ventriloquist is enabled to place his voice as emanating from a false source.

Materials which will furnish the same protection for less weight or more protection for the same weight for airplane armor.

Means for the causing the explosion of torpedoes before they strike or become dangerously near to a ship.

Means for deflecting bombs from their normal course.

Artificial blood plasma.

There is a great deal of talk about prosperity after the war and there are a great many theories about this, but what will bring prosperity will be new inventions which will furnish employment, just as the building of the railroads furnished employment after the Civil War and the building of automobiles furnished employment after World War I.

Among some of these inventions that will be needed are:

Machinery for cheapening the production of inventions already in being so that a farmer who gets five cents a pound for pork on the hoof can buy these machines at the labor cost of One Dollar an hour, such as existed just prior to the war.

One-man agricultural machinery.

Household machinery, such as dish-washing machinery.

Mechanisms for reducing or eliminating automobile accidents.

Airplanes and airplane equipment and facilities for the private use of airplanes.

Safety devices for operating the same.

The plastics, alloys, and the other new materials and inventions which the public men have been advising

the public for several years past will bring about not only a new prosperity but a new age.

Someone has said that the present generation was not wise enough to profit by history. Therefore, it is perhaps well to investigate the efforts made by other people at other times in history to cause the making of such inventions as the American public now must have and will greatly need after the war.

The Ancient Greeks tried the scheme of encouragement by rewards and praise, but without success, and the puny effort made by the Ancient Greeks perished with their civilization.

The Saracens tried the scheme of patronage by individuals or the public, such as has recently been proposed in this country, but that scheme failed. There were at least two underlying reasons. The first reason was that the prospect of reward was insufficient and the second reason was that those responsible for it picked too many MacDowells, MacClellands, Popes, Burnside and Hookers before they found a Grant.

The only scheme that has ever succeeded has been through the patent grant, and that has failed unless the administration of the patent law was at least reasonable in living up to the faith of the government which promised the reward. That situation existed in this country for some time after the beginning of the last century and to a lesser degree in certain other countries. In those countries, and only in those countries, has there been enough invention, or have the inventions been important enough to be worthy of notice. Even where the natural resources were just as great as in this country, as they were in South America for example, there has been no invention and no progress based on invention. The same has been true where philosophy has been as sound and as well accepted and followed as in this country. True enough, there was enough

inventive talent and habit created in this country during the period which we have mentioned to create considerable momentum, which has continued, though the Patent Office records show that it has fallen off something like twenty-eight per cent in the last ten years in this country.

These facts are stubborn things. They show conclusively that success in war and success in peace are dependent upon the making of important inventions and of the making of many inventions in this country. They show that only a fair administration of the patent law has resulted in such inventions. It has already been adjudged that the invention here involved was an important invention which advanced the art. There are, therefore, two salient reasons based on public policy for granting the Petition for Certiorari in the instant case; first, such an action will add to the encouragement of invention and, second, it will clear up the unfortunate situation that exists due to the conflicts of decisions of Courts of Appeals and others, and the violation of established rules by the majority of the Court of Appeals in the Fourth Circuit, as pointed out by Judge Parker. In other words, it will not only encourage invention by rewarding the inventor, but it will convince the inventor that his rights are not going to be so tangled up in litigation. As the matter stands now not only is the reward withheld, but the confusion is such as to convince that even if the lower Courts intend to reward an inventor as promised by the law, these lower Courts allow his claims to be so tangled up that he will be defeated by entanglement.

We state these propositions on the authority of President Roosevelt's Patent Planning Commission. Whatever reforms the patent law has needed or does need have been reported by that Commission after a thorough and careful investigation. The action we appeal for here is for the

purpose of effecting some of these reforms as well as continuing the long followed practices in this Court.

Respectfully submitted,

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I certify that the foregoing Petition for Rehearing is filed in good faith and not for purposes of delay.

F. O. RICHEY.